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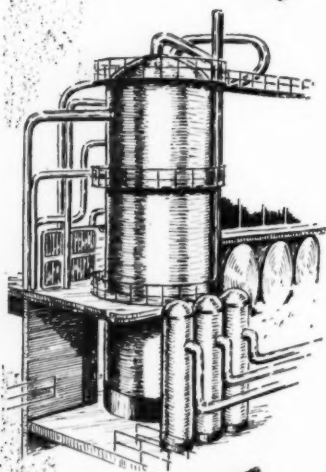
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our 26th year

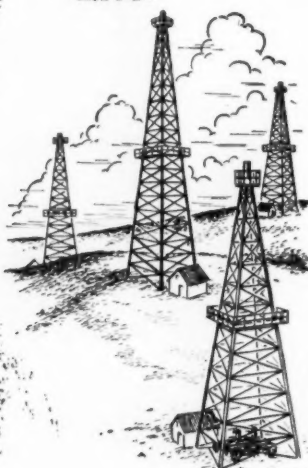
1952

THURSDAY, JUNE 19, 1952

GLENS FALLS EXTRAS



Of course, the Glens Falls Group of Insurance Companies offers to its agents all of the usual facilities for the writing and servicing of fire, inland marine, casualty and bonding lines. But, in addition, we have GLENS FALLS EXTRAS. We provide unusual markets for unusual risks. For example, our membership in the Oil Insurance Association brings highly trained engineers to the assistance of the agent who controls the insurance on an oil property. Not only do these specialists bring the rates into proper focus but the Association has the capacity to insure the large values which this industry so often develops.



Our agents know and appreciate that GLENS FALLS EXTRAS are profitable to them.

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Scan Closely New Texas City Court Decision

Insurance lawyers and those interested monetarily in the action against the federal government under the federal tort claims act for recovery of some \$360 million due to the fires and explosions that occurred on the steamships Grandcamp and High Flyer, then being loaded with a cargo of fertilizer for foreign ports in the Texas City harbor, April 16-17, 1947 are perusing carefully the opinion of the U. S. fifth court of appeals at New Orleans. This decision reversed that of the district court which had given a favorable decision for the plaintiffs.

The opinion of the higher court ran 40 pages, and there were three dissents out of the six men sitting on the court. There was not a majority opinion on a single issue or controversy involved except a joinder only on the proposition that the case should be reversed. Three members held it should be reversed because the tort claims act did not apply to this type of casualty. Some feel that this decision is in direct conflict to other decisions of the U. S. Supreme Court and the circuit court, and that this is a much too narrow and unrealistic construction of the effect of the tort claims act.

Negligence of Ship Owners

One of the judges held that ammonium nitrate fertilizer was not a dangerous commodity, and that the sole and proximate cause of the explosion was the negligence of the shipowners, being the French line and Lykes Brothers.

Two of the judges, in a dissent, held that the tort claims act did apply; and that the pleadings had made out a case; and the evidence, if believed, would support a judgment against the government, but thought the case should be reversed because of procedural errors made by the trial court in admitting evidence subject to objection in large volumes and "carrying it along with the case."

It is assumed that the interested insurance companies will authorize the trial committee to file a petition for certiorari with the Supreme Court.

The court said the purpose of the tort claims act was not "the creation of new causes of action, but acceptance of liability under circumstances that would bring private liability into existence. . . . Its effect is to waive immunity from recognized causes of action and was not to visit the government with novel and unprecedented liability."

Emphasis on Employee

Repeatedly, the court said, throughout the act, the term used is "act or omission of an employee of the government." For any cause of action to exist, the "negligent or wrongful act, or omission" must be that of an "employee of the government." The event around which the entire statute is built is an "act or omission of an employee of the government," and for the statute to be construed as a harmonious whole, it must be so limited, the court said.

The necessity of some definite act of commission or omission on the part of some particular employee or employees of the government as a predicate for its liability is emphasized by the requirement in the law that liability be determined "in accordance with the law of the place where the act or omission occurred." So construed, the act merely subjects the government to the same liability as the delinquent employee in accordance with the local law.

The court said it has found no place in the legislative hearings where the liability of the U. S. as a manufacturer or shipper was discussed.

Another reason why it cannot be assumed that Congress intended to place upon the U. S. the legal liability of a manufacturer as an entity is that as such the government would be charged with

all of the knowledge or notice of any of its agents or employees, acquired or possessed in the course of their employment. The evidence in the Texas City case illustrates that the application to the government of that theory of imputed knowledge would require the government to be regarded as practically omniscient and probably in the many cases where employees differ in their opinions, as being an infallible judge of the right. It would impose on the government as a manufacturer an unreasonably high degree of duty, almost to the point of being an insurer. The court concluded that the act imposed no duty on the government as an entity in the manufacture or shipment of FGAN. This is the name by which the fertilizer that blew up was known.

The plaintiffs, according to the court, failed to charge any specific negligent or wrongful act or omission against any particular employee or agent of the U.S., simply resting on their 80 averments of negligence on the part of the U.S. as such.

President to Dishwashers

The plaintiffs' counsel in his closing argument said "It is the whole government. It is everybody in organization. Everybody from the president to dishwashers in the cafeteria."

The district court said the difficulty is that this large record shows that in the error and mistake of manufacturing and distributing this dangerous commodity, so many took part that in naming them some will be overlooked or omitted. Hence the court grouped these persons. In the first group were named those who, among other things, negligently planned, launched and carried on the enterprise of manufacturing, shipping and distributing "such fertilizer."

The higher court said that the lower court had no jurisdiction to review many, if not all of the acts or omissions of employees within the first group because they were exercising or performing a discretionary function or duty. It can hardly be argued that the dangers of explosion from FGAN were so well known prior to the disaster that judgment or discretion were not called into exercise as to whether it should be manufactured at all, and under what safeguards and warnings it should be distributed. Even if some danger were recognized, the necessity of providing means of existence to the devastated areas abroad might have called for the exercise of discretion as to whether to take a calculated risk.

Group Shippers

Named in the second group were those who, among other things, negligently manufactured, sacked, shipped, transported and distributed "such fertilizer."

The higher court said that the employees in this group also were vested with considerable discretion. The plaintiffs complained that the U. S. was negligent in allowing FGAN to be bagged at too high temperatures. The question of bagging temperatures was clearly within the discretion of the proper officers. It was the decision that comprised the exercise of the discretion-

(CONTINUED ON PAGE 25)

Neville Returns to N.A.I.A.; Danford Safety Man Again

Harold R. Danford, executive secretary of National Assn. of Insurance Agents for the past year, announces his resignation from that organization effective immediately. Mr. Danford will join the staff of Center for Safety Education at New York University under Dr. Herbert J. Stack, director, returning to the safety field where he had spent many years and had gained such a wide reputation.

Capt. John F. Neville, U. S. Army, after serving 17 months with the Judge Advocate General's office following his recall to duty, will return to N.A.I.A. executive secretary Aug. 1.

In the interim, Donald W. Perin, assistant secretary-treasurer, will be acting executive secretary.

Virginia Agents Holding Annual Meeting at Roanoke

ROANOKE, VA. — Virginia Assn. of Insurance Agents will open its annual meeting here Thursday with a meeting of the directors. A past presidents' dinner will be held Thursday evening.

Speakers include Roy G. Bachman, Atlanta, general manager of the southeastern department of General Adjustment Bureau, "Additional Extended Coverage;" Walter M. Sheldon, Chicago, vice-president of N.A.I.A., "Insurance Business on the National Level;" Bruno C. Vitt, chairman of Bankers Indemnity, "Multiple Line Underwriting," and Chester M. Kellogg, editor of Best's Digest, "The Loss Ratio on Automobile Claims."

A golf tournament at Roanoke Country Club and a dance are scheduled for Friday. U. S. Senator Byrd will speak at the closing session Saturday. The new officers will be installed at a banquet Saturday evening. Dr. Walter Flick, head of the psychology department at Washington and Lee University, Lexington, Va., will be the banquet speaker.

Attorney General Rules on Ohio Reciprocity Powers

C. William O'Neill, attorney-general of Ohio, has handed down an opinion to the effect that a reciprocal exchange doing business in Ohio, through its attorney, may issue contracts of insurance limiting the subscribers' liability to the initial deposit premium, if the power of attorney so authorizes. The opinion was rendered in response to a request from Superintendent Robinson. The attorney general said that he is in accord with the conclusion reached in the Wyson case in Indiana some years ago.

Mutual Group Aggregates

American Mutual Alliance reports that its member companies last year had net premiums of \$243,170,279 which was an increase of 18.4%. Underwriting gain was \$44,738,783, better by 10.1%. Losses and loss expenses incurred were \$89,968,656, which was an increase of 16% and underwriting expenses were \$80,579,935, increase 17.2%.

The ratio of losses and loss expenses to premiums earned was 41.8 as against 37.4 the previous year, and the underwriting expense ratio to premiums earned was 41.5 as against 36.8.

Assets of the 92 companies were \$464,337,937, up 6.6%.

Study of Commission Problem by E.U.A. and Agents Proposed

Bowersock Gives Exhaustive Review of Subject at Mid-Year Meeting

Expressing the belief that there is a possibility of finding a sound solution to the commission problem, D. C. Bowersock of Boston, president of Eastern Underwriters Assn., in addressing its mid-year meeting at Shawnee-on-Delaware, Pa., proposed that E.U.A. immediately undertake an exhaustive study of all facets of the problem, working with a group of representative agents who would be in a position to give the company committee the benefits of such studies as the agents have made. The results of such study would be reported to the member companies and through the agents' committee to their association.

"How much farther this committee could go I do not know, but I do feel it should be asked to explore all steps that might be taken to implement its conclusions. How this implementation can take place is not clear at the moment, but fundamentally we should have no fears whatsoever in making a study of this kind because in the final analysis sound conclusions will be in public interest, and when I say that, I mean not only in the interest of the buying public but of producers and companies as well."

He urged that no general increase in commission be made pending a detailed study of the problem. He said E.U.A. could do no more than possibly make a recommendation as to a maximum, reasonable rate of commission, but certainly it has no power to force its views on members or others.

Exhaustive Review of Problem

Mr. Bowersock gave an exhaustive review of the whole commission problem, mentioning the difficulties facing the companies because of the effect on the rating structure, the attitude of insurance departments and the possible effect on the companies' financial structure.

He also took up the question from the standpoint of the producers, declaring that commissions "should be eminently fair to our loyal agents and brokers, who do so much to spread the gospel of sound insurance and who are entitled to and must receive equitable compensation from the companies for which they work." He insisted, however, that commissions should be removed from the realm of competition.

More than 150 members, their wives and guests attended the meeting. In the absence of the association vice-president, H. W. Miller, U. S. manager of Commercial Union, who is en route to England, the executive committee report was given by John Glendening, vice-president of Home.

The activities of the public relations committee were detailed by Chairman John R. Robinson, deputy U. S. manager of Phoenix Assurance.

He reviewed especially the successful program of town inspections, the inspection course instituted for younger

(CONTINUED ON PAGE 26)

Huebner Reviews Growth of Formal Insurance Study

A review of the progress of formal insurance education was given by Dr. S. S. Huebner of the University of Pennsylvania, pioneer life insurance educator, at the closing exercises of the school of insurance of Insurance Society of New York.

Dr. Huebner asserted that it is a fundamental responsibility of employers to develop worthwhile personnel through adult education. In all callings, he went on, subordinates look up to their superiors for proper guidance, encouragement, and urging along sound, career-making lines. Every executive owes two great obligations to his calling. One is immediate production, and the second, all too often overlooked, is intelligent selection, guidance and urging of subordinates along proper career-building lines. Organized adult education is the best way of accomplishing this, he said.

Dr. Huebner also pointed to the necessity for continued study throughout a person's working life. The various organized courses should serve to whet

the appetite for more learning, and stimulate a desire for proficiency in insurance. Continued study is truly professional, he said.

Before 1910 there were only 20 insurance courses in American universities and colleges, Dr. Huebner said. By 1920 this number increased to 62, and by 1933 to 226. By 1947-48, 250 colleges and universities were offering 853 insurance courses with a total enrollment of 41,009 students reported for 708 of these courses. Ten years previously the number of courses reported was only 584 and number of students enrolled, 18,249.

Noteworthy Features

Probably the gain since 1948 has continued proportionately, Dr. Huebner said. He pointed to two noteworthy features in this growth, one that much of the collegiate education is on the adult level, and secondly, that 237 of 853 courses were general survey courses intended primarily for the general lay student who does not intend to specialize in the business. Enrollment in these courses was 18,498.

Dr. Huebner mentioned two other important developments in insurance education: American Assn. of University Teachers of Insurance, and the S. S. (CONTINUED ON PAGE 26)

Hanover Gets Medallion Art



Above are shown a group of officers of Hanover Fire, looking on as G. W. Head, advertising and sales promotion manager of National Cash Register, presents to President Elmer F. Sammons of Hanover the original of the art work that was used in preparing an N.C.R. advertisement that features the Hanover.

Shown from left to right are J. V. Ward, R. C. Williams, J. H. Vey, Mr. Sammons, R. L. Larner, John Rygel, Mr. Head, E. L. Coffill and Herbert Metzger.

Hanover, one of the first insurers to

use N.C.R.'s No. 31 accounting machine, is featured in an advertisement that will appear in papers representing five million circulation with 18 million readers in the next month or so. The 100th anniversary medallion that appears in that advertisement is the subject of the presentation to Mr. Sammons. The accounting machines are the ones which N.C.R. is advertising as paying for themselves the first year. Hanover has been quite successful in their use and has three of the machines in New York and will have two in Chicago.

N.Y.C. Wind Called Catastrophe 26

NEW YORK—The insurance losses from the Nassau county twister June 9 are expected to run 5,000 for \$1,500,000. Estimates place the number of small losses, averaging about \$100, at around 5,000, but there are half a dozen or so sizable losses, \$50,000 to \$100,000, which will substantially increase the total.

The disaster committee of National Board's committee on adjustments designated the blow as catastrophe No. 26. It has mailed companies several suggestions for the prompt and orderly handling of losses. The memorandum states there were also some losses in New York and Brooklyn and many losses in Queens and Suffolk counties.

The memo urges agents promptly to complete loss notice with the best available estimate so insurers can establish adequate reserves and promptly assign claims to adjusters. General Adjustment Bureau, which has offices strategically located in the area, is augmenting its regular adjusting staff with a dozen or more trained adjusters from near-by areas. Facilities of local independent adjusters are available and several

larger companies have transferred staff adjusters into the territory. Only in exceptional instances will it be necessary to call on agents to adjust.

The disaster committee calls attention to the guiding principle under which TV antennas are covered under either the dwelling or contents policy, but where a deductible is attached, it applies. Damage to food and refrigerators and in home freezers due to outside power failure is not covered under E. C.

N. C. Mutual Agents Elect

BLOWING ROCK, N. C.—George W. Morgan of Winston-Salem was elected president of the North Carolina Assn. of Mutual Insurance Agents at its annual meeting here.

H. J. Carr of Clinton was reelected as the first vice-president and secretary and S. A. Chalk, Jr., of Morehead City, second vice-president.

Speakers included Claude P. Coates of Fort Worth, former vice-president of National Assn. of Mutual Insurance Agents; Commissioner Cheek of North Carolina; Clyde J. Horne of Spindale Mills, Spindale, N. C.; Micou F. Browne, agency vice-president Occidental Life of N. C., and Wallace Dunham, Winston-Salem.

the sad story of the CARELESS family

chapter III



The next scene is sure to have plenty of firemen in it! Carelessness with matches and lighted cigarettes caused 91,000 fires in 1950 alone. Serve your assured and your community. Teach fire prevention constantly.



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W. Va. Gives Divided Verdict on Annual Payments

Installment Plan Beyond Rating Law Rule; Renewal Plan Rejected

Commissioner Crichton of West Virginia, on the eve of retiring from office, has given a studied opinion returning "without action" the filing by West Virginia Inspection Bureau of the installment premium payment plan and disapproving the annual renewal plan.

Mr. Crichton draws distinctions. The installment premium endorsement, he declares, is concerned only with the time of payment and privilege of credit which is not the subject of regulation under the terms of the rating law. This, he asserts, is a financing plan, and the commissioner's jurisdiction here is related to the anti-rebate and anti-discrimination statute. Hence he requires that "all plans for the financing of premiums be submitted to this department for record." He goes on to say that the financing of premiums at a loss to an insurer is in effect a rebate. When adequate experience becomes available in a credible volume, it will be necessary for the individual companies to justify the service charge which they may establish in connection with the installment premium payment plan.

Those companies that here heretofore received approval of installment premium payment plan filings as deviations may continue as they have. Treatment of the deviations of individual companies will be by subsequent proceedings, he said.

Difference Is Pointed Out

On the other hand, he finds that the annual renewal plan has the effect of reducing rates for annual policies. Hence this is a matter falling within the jurisdiction of the inspection bureau and that comes under the purview of the rating law. The use of the annual renewal plan endorsement proposes renewal at annual rates with such discounts as are available under the term rule at term rates plus a service charge.

It is not the privilege of paying premiums in such a manner that is the subject of the test of rating laws, but rather the additional charge that is established for this privilege. The proposed additional charge is 3% of the annual current fire rate and this must meet the test that it must not be excessive, inadequate or unfairly discriminatory, Mr. Crichton states. He said the inspection bureau did not file supporting information to indicate justification for this service charge and, he said, it has not been established to his satisfaction that the underwriting judgment for the assessment of the service charge is sound or adequate.

Mr. Crichton goes on to say that the advantages which serve as the historic foundation for the establishment of term discounts are not present when an annual renewal endorsement is used.

There will be subsequent proceedings in connection with annual renewal plan endorsements which previously had been approved as deviations. The present order does not revoke or rescind such approval.

In a covering letter to insurance companies, Mr. Crichton states that this opinion will have the effect of raising the question of the propriety of financing plans for other lines of insurance. These matters, he said, will be subsequently studied and steps will be taken to give full consideration to all interests.

"The term discount has fundamentally been established throughout the country at a standard of 25% of the annual rate for each year beyond the first," the opinion said. "The term rule as a discount has been used in this country

since 1819. With this historic use and its subsequent approval by the insurance departments of this and other states, this department must assume that such a rule and discount is fundamentally correct. A practice which has been employed with reasonable satisfaction over the years should not be disturbed unless compelling reasons exist for the change. It is the understanding of this department that the discount afforded under the term rule is presently being studied by the New York insurance department in an effort to determine whether the

discount is in the proper amount under proper and reasonable rules. At this date there has been no finding by the New York department to the contrary, and in the absence of such proof in this proceeding, the business of the fire insurance companies should be permitted to argue for the logic of the present term rule.

"The theory behind the awarding of discount for the purchase of insurance for a term of years is that such purchase results in a savings to the insurance company, which savings should inure

to the benefit of the policyholders. The first assertion generally made in connection with term discount is that it costs less to write and administer a one term policy than to write and administer three or five annual policies. Secondly, it is argued that there is interest earning on the advanced premiums paid by policyholders and insofar as such earnings can be traceable to premiums advanced by policyholders, such savings should be passed to the policyholders. Thirdly, it is argued that term policies

(CONTINUED ON PAGE 26)



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Norton Retires; Lee Heads Unified Tenn. Audit, Rating Office

John H. Norton is retiring as manager of Tennessee Inspection Bureau and he is succeeded by John F. Lee. The latter has been superintendent of the Tennessee Audit Bureau and now the inspection and audit bureaus are being combined in that state. This follows the trend throughout Western Actuarial Bureau territory. Mr. Norton has been 28 years with the inspection bureau while Mr. Lee has been in the business 27 years.

Harrison Aid to Crichton

Charles H. Harrison of Huntington has been named a legal assistant to

Commissioner Crichton of West Virginia. Mr. Harrison was graduated from the West Virginia University law school this year. He succeeds Arden I. Curry, who recently became an assistant attorney-general.

Hold Institute in N. C.

The annual Institute of Property and Casualty Insurance, sponsored by North Carolina Assn. of Insurance Agents with the cooperation of University of North Carolina, will be held at Chapel Hill June 23-27.

Eugene A. Toale, assistant educational director of N.A.I.A., and Albert W. Kennon, Durham, N. C., tax attorney, will conduct the advanced courses in office management.

Last year, 93 agents attended the institute and more are expected this year since additional courses are to be offered.

May Fire Losses Up 6.1% Over 1951

Fire losses in the United States in May totaled \$62,354,000, up 6.1% over losses of \$58,744,000 for the corresponding month of last year, according to estimates of the National Board.

Losses for the first five months of the year total \$356,068,000, an increase of 4.5% over the first five months of 1951 which totaled \$331,038,000.

	1952	1951	1950
Jan. ...	74,155,000	68,686,000	58,823,000
Feb. ...	69,925,000	69,136,000	58,340,000
March ...	72,254,000	71,507,000	72,468,000
April ...	67,380,000	62,965,000	61,605,000
May ...	62,354,000	58,744,000	58,765,000
	346,068,000	331,038,000	310,001,000

Western Adjustment Announces Changes

Western Adjustment has announced several branch office changes and transfers. W. E. Lindroth has been appointed manager at Des Moines, G. H. Gilliland at Sioux City and J. C. R. Felker at East St. Louis. A. N. Pomeroy has been named general adjuster at St. Louis.

W. A. Rodman has been promoted to general adjuster at Milwaukee and M. B. Wilson becomes manager at Madison, Wis., A. E. Huddleston manager at Lafayette, Ind., and J. C. Norris resident adjuster at Crawfordsville, Ind.

In other changes, R. A. Denzel goes to St. Joseph, Mo., as staff adjuster, W. T. Herron to Madisonville, Ky., K. I. Webb to Emporia, Kan., J. R. Holmin to LaSalle, Ill., D. F. Atkinson to Ashabula, O., and D. H. Merson to the Chicago south side office.

Recent staff additions are D. L. Oberhelman, Dodge City, Kan., D. R. Linville, Sikeston, Mo., and Vincent L. Rocereto, Topeka.

Western Adjustment Men Get Vale Tech Training

Western Adjustment is using the facilities of Vale Technical Institute of Blairsville, Pa., to supplement its adjusters' training program. Vale Tech specializes in teaching physical damage estimating. Its curriculum is designed to specifically train auto adjusters in all phases of body and chassis repairing and estimating. The overall program is designed to keep Western's men current on repair procedures and physical damage estimating. Actual wrecked automobiles are used as a basis of study in the classroom work.

The present class includes adjusters from 11 of the 13 states serviced by the company. All had practical field experience before taking the three-week course. The class is under the super-

vision of M. F. Netzel, automobile supervisor at Kansas City.

Crichton Resigns as W.Va. Commissioner

Robert A. Crichton, West Virginia commissioner, has resigned to take up private law practice at Charleston. The resignation is effective July 1. Gov. Paterson has not named a successor.

Mr. Crichton, who at 27 was the youngest insurance commissioner in the nation when appointed in 1949, was educated at West Virginia University and Harvard and was an instructor in economics at West Virginia. He had never served in a public office before being named commissioner.

Soon after his appointment, the department was expanded and divided into two sections with a deputy responsible for each. One is concerned only with fire and casualty insurance and the other with life and A. & H. Mr. Crichton has been active in National Assn. of Insurance Commissioners, especially in the field of proper regulation of Blue Cross and Blue Shield plans.

Gives Practical Advice on Purchase of Farm Cover

A sound, practical article on how to buy farm insurance appears in the summer issue of "The Farm," a quarterly published in Cincinnati that has national distribution. It is written by H. L. Tinley, who was an adjuster in Boston, Washington and Minneapolis two years before service in the army. Since the war he has been with Farmers National Co. in charge of the insurance department. He buys \$250,000 worth of building insurance a month for the 1,600 farms that organization manages.

He sets forth a list of nine checking points to aid the farmer in analyzing his contract, including such things as expiration dates, and—if there is more than one farm fire policy—each company must give permission before the additional insurance can be placed with another company. Otherwise all policies are void.

He emphasizes that much farm property is underinsured today. He urges farmers to figure out themselves how much insurance they should buy and bring it up that close to reality. Improvements that influence hazards earn rate credit, he points out. He calls attention to the fine print exclusions, which, he states, can be understood and often offset—such as the need in some cases for special endorsement where the farm uses roll roofing. He recommends the farmer's comprehensive personal liability policy as a very good one.

Fifteen minutes spent by insured checking his policy could be the best time that he has ever spent, Mr. Tinley believes.



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Insurance Women Elect Mrs. Buchwald

The annual convention of National Assn. of Insurance Women at Rapid City, S. D., last week was attended by 300 delegates representing nearly every state, the most distant member being from Honolulu.

Mrs. Christine Buchwald of the Watt agency at Cleveland was elected president to succeed Miss Mary Gambill, Little Rock. Miss Edna Mae Gray, Nashville agent, was elected 1st vice-president; Mrs. Ingrid Cowan, Bowles, White Co., Seattle, recording secretary; Mrs. Janet Flickinger, Flickinger agency, Cleveland, corresponding secretary, and Miss Dorothy Klonus, National Surety, Omaha, treasurer. It was voted to hold the 1953 convention at Cleveland.

In her administrative report, Miss Gambill noted that during the membership drive last October, the 93 participating clubs put on 1,181 new members, and N.A.I.W. now has a membership in excess of 11,000.

Dithmer Gives PR Views

Walter Dithmer, public relations director of Western Underwriters Assn. was the first program speaker. He discussed the importance of a continuing public relations program under the title, "Money in the Bank." Some executives think only of their public relations when some disastrous incident occurs and public support is needed, Mr. Dithmer said. Then they frantically call for help from the public relations counsel. They consider public relations a sort of disinfectant—something to be sprayed around whenever there is a bad odor.

Mr. Dithmer maintained that the cultivation of good public relations is a day and night and year in and year out job and consists of horse sense applied to the pleasant task of making friends for the business.

The insurance women are in the forefront of public relations work, Mr. Dithmer declared. They are in daily contact with the customer in the agencies, either personally or over the telephone, or in their correspondence. He reminded his audience that many people in the insurance business are prone to forget that the public is not well versed in insurance matters and regards them as complicated and technical. Consequently, special consideration is required in dealing with the public—far more than the average retailer or manufacturer must give to his customers. He mentioned the survey a Des Moines newspaper made several years ago showing that 41% of the people interviewed said they had extended coverage on their fire policies, but 51% of the people didn't know what extended coverage was.

Other Speakers

Mrs. Buchwald was in charge at the luncheon at which the membership awards were given out, and for the first afternoon's session on education, Mrs. Eleanor Sage, Topeka, the educational chairman, presided. Talks at this meeting were given by M. L. Burg, local agent of Billings, Mont.; A. N. Graves of Travelers; Lorna Penny, Western Surety at Chicago, and Marie Meyer of New Orleans.

Mr. Burg in his talk, "Higher Education," outlined educational possibilities such as the C.P.C.U. course. He said it is unfortunate that this kind of advanced training must be packaged in the large economy size, given a glittering label and sold like a box of soap, but added that it offers the women their chance to survive and advance in the insurance ranks.

Miss Penny in her talk on bonds, in very interesting style explained the elements of the bonding business and then briefly outlined the various types of bonds.

If every casualty company would fulfill its obligations by writing its share of deserving risks of whatever condition, many of the problems of capacity would

be eliminated over night, Mr. Graves declared in his remarks. The companies also have the obligation to operate efficiently and economically. He said in the past there have been times when in competition for business, some companies have made wholesale agency appointments and many of these agents have had no intention of qualifying as trained producers. The result of dealing with unqualified agents, Mr. Graves warned, is a high loss ratio on their business. The companies' obligation to select, appoint and train only high caliber

agents is clear," he added.

The ladies took an entire day out for sightseeing and entertainment in the Black Hills, winding up by witnessing a special performance of the "Pageant Play" at Spearfish.

The convention was closed with the business session at which new officers were elected.

Walter J. Christensen of Fireman's Fund has been reelected chairman of the public relations committee of New York Board.

Sparks Club Demonstrations

Special Agent Elmer Parker of Swigart Associates at Huntingdon, Pa., recently put on a fire presentation demonstration before the Exchange Club of Gettysburg. This was done at the request of Robert P. Snyder, justice of the peace there, a vice-president of the Exchange Club, and a local agent. This is one of several prevention demonstrations by the fire prevention committee of the Sparks Club, organization of mutual field men in Pennsylvania.

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\$31 Million on Liner U. S.

The new liner United States is being insured for \$31 million. This is the highest value ever placed on a merchant vessel for insurance purposes. Of the cover \$13,759,000 is being taken in the U. S. market and the balance will be absorbed in the British and other foreign markets. London Lloyds takes \$9,700,000. Newport News Shipbuilding & Drydock Co. remains as the insured until the owners officially take possession. The \$31 million of insurance represents the interest of the owner although the total value of the liner is \$73 million. Cost of defense features such as high speed and government construction subsidies to shipyards constitute the uninsured difference.

Modified Doughton Bill Is Passed by House

WASHINGTON—The Doughton social security bill, which failed of passage two weeks ago when an effort was made to rush it through under suspension of the rules, passed the House Tuesday on a roll-call vote of 360 to 22. The measure as passed lacked a provision, objected to by American Medical Assn. and other interests, for physical examination authorized by the federal security administrator to determine whether beneficiaries of disability provisions continue to be actually disabled.

However, the bill provided that disabled persons must furnish disability proof such as the administrator may require. Rep. Reed, who led the fight against the bill, declared this change of language was provided to make the measure "more palatable" and that it actually gives the administrator more power.

Interest in N. Y. Change in Borrower Cover Field

NEW YORK—The proposed amendment of regulation 27 covering insurance on borrowers or purchasers of personal property on the installment or deferred payment plan has attracted considerable interest in the business. A hearing will be held at 10 a.m. July 1 at 61 Broadway here, by Deputy Superintendent Murphy of the New York department.

The regulation as it covers financed automobiles is not much changed. However, the regulation is extended to cover all personal property, and will touch on any situation where there is a group policy of insurance for which the consumer pays. One chain of furniture stores, for example, has fire insurance on the merchandise that it sells on time, and this cost is added to the price of the furniture. There are other situations in which property insurance is written on merchandise in the hands of consumers, who are paying for it on time, and paying for the insurance.

Includes N.A.I.C. Rules

The proposed amended regulation includes some of the rules adopted by National Assn. of Insurance Commissioners in 1950 in this field, the most important of which is the provision against "retention." That provision sets out that no insurer or representative shall enter into any agreement with an agent, broker or other person which permits the retention by such person for the purpose of payment of losses of

any portion of premiums collected under policies issued by the insurer.

However, reasonable contingent commission arrangements based on underwriting results are not prohibited. The prohibition against retention does not touch on the so-called retentions in the regular group life and A. & H. field. Apparently what is aimed at principally is the practice, not widely followed, in the financed automobile field of agent collecting the full premium on financed cars and remitting to the insurer its 20% under a 20-80 retrospective rating plan. The insurer must handle adjustments through its own employees or licensed attorneys or adjusters in connection with claims under borrowers' or purchasers' policies.

Presumably retrospective rating plans in the financed automobile field under which the insurer collects the full premium and returns to the agent the commission earned under a retrospective plan are acceptable.

Texas Hearing July 10

The Texas Board of Insurance Commissioners July 10 is holding its annual hearing on revisions in fire, E. C., inland marine and hail on growing crop rates and rules. Among the items for discussion that were submitted by the board of insurance commissioners are to provide rating schedules for various kinds of camps and dude ranches, provision of E. C. rates on fences, stock pens and corrals, elimination of wood single roof charge from fire rating schedule, liquefied petroleum gas regulations, drive-in theater screens.

Two Spectator Men Resign

Irving Davis and Allen Reed have resigned as associate editors of the Spectator. Mr. Davis has joined Group Health Mutual at St. Paul. He was formerly with Guardian Life.

Teachers and Insurers They Will Visit This Summer

This year's university teachers' fellowship program was arranged by a committee that includes Harold P. Jackson, president of Bankers Indemnity, chairman of a special joint subcommittee of National Board, assisted by George G. Traver, manager of its public relations, and Assn. of Casualty & Surety Companies, assisted by Harold K. Philips, manager of its public relations; Ralph H. Wales, vice-president of American Mutual Liability, assisted by John S. Hamilton, Jr., secretary American Mutual Alliance, and American Assn. of University Teachers of Insurance represented by Harry J. Loman, professor of insurance at Wharton school.

Teachers and companies where they will study include Emerson Cammack, University of Illinois, Home; Howard E. Clarke, Northwestern University, Royal-Liverpool; Oscar R. Goodman, University of Wisconsin, Hartford Fire group; W. A. Guinn, University of Arkansas, Firemen's, Newark; A. Peyton Hurley, Franklin university, Grain Dealers Mutual; Chester A. Kline, Wharton school, North America; Harold C. Krogh, Drake university, Aetna Fire group; Thomas C. Kubelius, Lehigh university, American Mutual Liability; Carl T. Running, Stanford university law school, Northwestern Mutual Fire; Robert W. Strain, Indiana university, St. Paul F. & M.; Victor V. Sweeney, University of Florida, American, Newark; J. D. Watson, University of Maryland, Phoenix-Connecticut group, and C. A. Williams, Jr., University of Buffalo, at Hardware Mutual Casualty, Wis.

Herbert V. Schultz, underwriter for the Chris. Schroeder & Son agency, has been elected secretary of the Milwaukee Junior Chamber of Commerce.

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CHICAGO

HOWARD YOUNT BECOMES BROKER

Howard W. Yount, assistant to the insurance department manager of United Airlines since 1945, is opening his own general insurance brokerage firm at 105 South La Salle street, Chicago. Mr. Yount is a graduate of Illinois Tech and was with Illinois Inspection Bureau, the Warner reciprocals and Eagle Star in the Illinois field before the war. His new firm will be titled Industries Insurance Agency.

SEVERAL CHICAGO LOSSES

Loss is estimated at at least \$500,000 in the spectacular fire at the plant of Pioneer Asphalt and Wittco Chemical Co. at Stickney, Ill., which is a Chicago suburb. This risk is handled by Johnson & Higgins from New York.

There have been a number of sizable losses in Chicago just recently. There was a loss of more than \$200,000 in a fire at 152 West Huron, involving three floors of machinery of Standard Pecan Shelling Co. and a large supply of nuts owned by Ricci & Co. There was a loss of about \$250,000 on building, machinery, stock and U. & O. to the Terre Paper Co. on North Winchester.

Then there was a transformer disturbance loss of probably less than \$100,000 to Commonwealth Edison Co. at its California avenue plant last Saturday that caused a power failure for several hours throughout the north side of Chicago.

CLANCY VEEPED

R. J. Clancy has been elected vice-president and director of Lamb, Little & Co. of Chicago, which is general agent for Columbian National Life and which is a supervisory fire and casualty insurance agency.

Mr. Clancy started in the business about 21 years ago with the old American Bankers Ins. Co. at the Chicago head office as a cashier. He was installed in that position by Clay F. Lundquist, who was then agency director of American Bankers and who is now a principal in Lamb, Little & Co. Later Mr. Lundquist became Oak Park manager of Travelers and Mr. Clancy joined him there. Subsequently Mr. Clancy became manager of the life department of Starkweather & Shepley at Chicago, and then about 15 years ago went with E. E. Lamb in the Columbian National agency.

Southern Presbyterians Turn Down Plan to Form Insurer

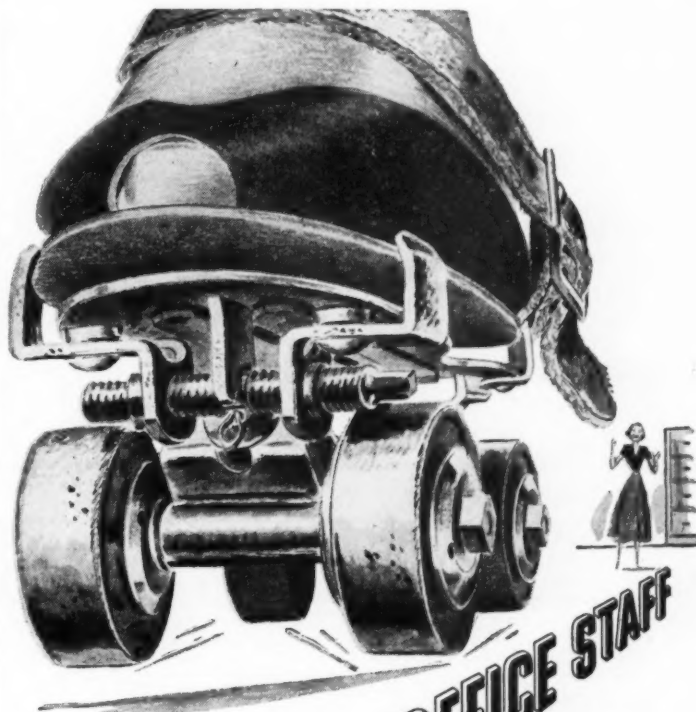
The general assembly of the Presbyterian Church, U. S., the southern unit, meeting at Charleston, W. Va., decided to stay out of the fire and casualty insurance business.

The insurance matter arose from a proposal a year ago by the presbytery of St. Johns in Florida that a study be made of a plan involving the formation of a non-profit insurance organization by the church to insure properties of constituent churches, in order to get reduced fire and casualty rates. The proposal was referred to a committee which submitted its report at Charleston. It questioned the advisability of the church engaging in commercial enterprises, and noted that such a step would put the church in direct competition with many of its members who are "substantial" financial supporters.

C. & R. Names Stahl in Mo.

Jack Stahl has joined Corroon & Reynolds as special agent for Missouri. He will assist J. C. Swisher, executive special agent, with offices at Kansas City. Mr. Stahl was formerly with Missouri Inspection Bureau.

Ken R. Doherty, who has been in the life insurance business at Pendleton, Ore., has joined the H. N. Graham local agency there. Mr. Graham is retiring because of ill health.



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NEWS OF FIELD MEN

Dost Hanover Ill. State Agent

Bernard J. Dost has been appointed Illinois state agent for Hanover Fire. He takes the place left vacant by the resignation of Frank L. Macleod, who went with American. His headquarters will be at the Chicago western department office. He has been in the insurance business six years in local agency and company work at Chicago, most recently with Commercial Union.

Two Join Louisville F. & M.

Louisville Fire & Marine has appointed Richard W. Tierney state agent

for Georgia. Thomas G. Matthews will join James T. Curran as state agent for Kentucky and Tennessee.

Mr. Tierney has had five years of experience in fire and inland marine insurance. After navy service he attended Emory University and has made his home at Atlanta.

Mr. Matthews served in the air corps and attended Mercer University, where he received his A.B. and L.L.B. He has been in insurance work at Atlanta.

Branson in Field Work

Charles E. Branson, who has served for several years as staff adjuster for Fire Association at Los Angeles, is being transferred to field work. He will continue to make his headquarters at Los Angeles.

Kentucky Field Organizations Elect

About 180 persons, including ladies and children, gathered at Cumberland Falls State Park for the annual meetings of Kentucky Fire Underwriters Assn., Kentucky Fire Prevention Assn. and Kentucky Blue Goose.

Curtis B. Tarter, Home, was elected president of the F.U.A. group, succeeding Paul M. Beattie, New York Underwriters. J. J. Ronayne, Commercial Union, was named vice-president, and R. Leland



Curtis B. Tarter

Meeks, U.S.F. & G., was reelected secretary.

The fire prevention association elected Emerson C. Hill, Aetna Fire, president, succeeding Charles E. Kanzinger, Springfield F. & M., Richard Moher, New Hampshire Fire, was named vice-president, and J. E. Redmon, Camden Fire, secretary.

The Blue Goose named George E. Stetner, North America, most loyal gander; John R. Thompson, Kentucky Inspection Bureau, supervisor; Martin Boedeker, Royal Exchange, custodian; C. B. Gill, Western Adjustment, guardian; R. A. Copes, Home Fire, keeper, and Homer Trimble, Bradshaw & Weil general agency, Paducah, welder.

Charles L. Beale, Yorkshire, Dallas, most loyal grand gander, was a guest.

Sam Coldwell Memorial Trophy to Roger Olsen

Roger S. Olsen, Columbus, state agent of Continental, was awarded the Sam Coldwell Memorial trophy by Stock Fire Insurance Speakers Assn. of Ohio at its annual meeting at Uniontown, Pa., June 18.

Mr. Olsen served as president of Fire Prevention Assn. the past year and received the award for having rendered most valuable public service in fire prevention activities throughout the state.

West Virginia Blue Goose Advances Altman to M.L.G.

James M. Altman of Charleston was installed as most loyal gander of West Virginia Blue Goose at its annual meeting at Uniontown, Pa. The installation was conducted by Charles L. Beale, Dallas, most loyal grand gander, and Robert L. Wiseman, Washington, D. C., grand keeper.

Mr. Altman is with the Luttrell Robson agency at Charleston, W. Va. He was formerly special agent of Ohio Farmers.

Other officers installed were D. T. Fuller, General Adjustment Bureau, Huntington, supervisor; Herman M. Lewis, Fire Association, Parkersburg, welder; Joseph P. Warek, Hanover, Charleston, custodian; James E. Jackson, Wheeling, keeper, and William Nickerson, Wheeling, guardian.

Ralph Doolittle, Jr., Clarksburg, is the retiring most loyal gander.

The two-day convention ended today with a banquet and dance, attended by about 100 ganders and their wives.

Aetna Fire Names Three Special Agents in Texas

Aetna Fire has appointed three new special agents in Texas, Edward A. Fancher, Jr., in the west, Edward J. Lassen in the southwest, and Edward P. Rosania, who succeeds John C. Johnson, in the north.

After graduation at Oklahoma University, Mr. Fancher joined the home office of Aetna Fire for intensive training in the underwriting department. He is a graduate of Aetna's multiple line training school. He will be associated with State Agent H. D. Lemmon with headquarters at Amarillo.

Mr. Lassen graduated from University of Connecticut and joined the home office. He has worked in the underwriting departments and is a graduate of the multiple line school. He will make his headquarters at San Antonio with State Agent Tom Holleran.

Mr. Rosania also is a graduate of University of Connecticut and of the training school. He has worked in various underwriting departments at the home office. He will be associated

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with State Agent R. H. Helvenston and Special Agent E. C. Stevens with headquarters at Dallas.

Minn. Field Men Gather

Minnesota Fire Underwriters Assn., is holding its annual meeting at Brainerd this week. The arrangements committee consists of the presidents of the three organizations that are meeting, they being E. I. Peters, most loyal gander of the Blue Goose; T. A. Valine, Jr., president Minnesota Fire Underwriters Assn., and Claude D. Casey, fire preventionists.

Mr. Valine in his talk said that public relations activities have served as a rallying ground during the period of transition from the type of activity in which the field club engaged prior to the S.E.U.A. decision, to a new pattern of operation. The public relations program has benefited the industry in various ways and has also had the effect of knitting the organization into a more efficient and effective unit. He spoke enthusiastically of the stock insurance booth that was sponsored at the state fair. He said the public relations bulletin that is gotten out under the title of "PRAM" is the outstanding publication of its kind in the country.

Membership now stands at 158. There was a gain of 30 new members mainly from the ranks of the old Western Insurance Bureau field organization.

Highly beneficial have been the annual get-togethers of the executive committees and officers of the Minnesota field club and Minnesota Assn. of Insurance Agents.

Mr. Valine recommended that the field club conduct educational panels at the various regional meetings of the agents association. It may be that the field club will furnish an educational panel to the annual junior bank officers and staff conference.

Cary Is New Mexico M.L.G.

N. G. Cary, St. Paul F. & M., was elected most loyal gander of New Mexico Blue Goose at its annual meeting at Albuquerque.

Taylor Powelson, General Adjustment Bureau, is supervisor; Wade Parker, Ritter general agency, custodian; R. M. Cottrill, Loyalty group, guardian; W. W. Wimer, American, keeper, and R. W. Crewe, Fireman's Fund, wielder.

The day following the meeting the pond held its annual family picnic.

Ferry Public Relations Head

W. T. Ferry, North British & Mercantile, Denver, will be the new public relations chairman of Fire Underwriters Assn. of the Mountain States. In view of his appointment (which is to be ratified at the annual meeting in fall), Mr. Ferry will attend as delegate the public relations field conference of Western Underwriters Assn. at Chicago July 14-15.

Conover N. J. Speaker

Harold L. Conover, assistant chief of the license division of New Jersey, will discuss the licensing of agents and related matters at the June 23 meeting at Newark of New Jersey Fieldmen's Assn.

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assisting insurance agents and brokers by providing markets for difficult, unusual, or surplus lines of insurance. For example:

- AMUSEMENT PARKS — *Public Liability*
- CARNIVALS — *Liability and Floater Coverages*
- EXHIBITIONS — *All Coverages*
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- AUTOMOBILE MATERIAL DAMAGE — *Long Haul, Taxicabs, Busses*
- MALPRACTICE INSURANCE — *Doctors, Dentists, etc.*
- HAND DISABLEMENT COVERAGE — *Musicians, Surgeons, etc.*
- PRIMARY AND EXCESS PUBLIC LIABILITY AND PROPERTY DAMAGE — *Hazardous or Unusual Risks*
- EXCESS MOTOR TRUCK CARGO — *(Primary where no filing required)*
- AUTO RACES — *Liability*
- AUTO RACE DRIVERS — *Personal Accident*
- OPEN STOCK BURGLARY, ROBBERY, ETC. — *(Unusual or hazardous risks)*
- FIDELITY — *Primary and Excess*
- WORKMEN'S COMPENSATION — *Excess Catastrophe or Excess Aggregate*
- ERRORS AND OMISSIONS COVERAGE — *Insurance Agents, Architects and Other Professions*
- UNUSUAL INLAND MARINE COVERAGES
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This is, of course, not a complete catalog of all the coverages we can afford through our facilities, but this will serve to give you some idea of the extent of our markets.

This agency writes no direct business, accepting coverages only when placed through licensed agents or brokers.

We have the competent staff necessary to promptly assist you in writing these unusual insurances.

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EDITORIAL COMMENT

Educational Inventory Time

In view of the fact that Insurance Institute of America is now without an administrative director and its future course remains to be charted, this would be an excellent time to review the whole field of collective education in the fire and casualty business. Educational facilities have been erected from time to time for special purposes and growing out of special circumstances and situations. There has never been any real effort so far as we know, to take a comprehensive view of the whole scene with the idea of trying to determine how the facilities that are now in existence might be brought into some logical relationship to one another and a progressive path of insurance education laid out.

At times perhaps this would have been embarrassing because it might have involved putting some insurance educational administrator or another in an inferior position but just now it seems to us that the whole situation could be studied without any consideration of personalities being involved at all. Probably the most vital and successful insurance enterprise of the day is that at the top or college level, so to speak, or the

C.P.C.U. movement. That development is now entirely self-propelled and needs very little in the way of stimulation or urging.

Attention could probably be given, however, to educational activities that might be referred to as at the elementary and secondary school levels. There are some who have advocated treating the Insurance Institute program as a project comparable to what might be found in a secondary school and placing it under the general direction of Dr. H. J. Loman at University of Pennsylvania, who is also dean of American Institute of Property & Liability Underwriters and superintends the C.P.C.U. activities.

Then, too, there could undoubtedly be put to good use an educational program of an elementary nature for insurance workers in the more routine classifications and for the newcomers to the business.

At any rate an inventory of what is available collectively in insurance education could well be taken and an analysis made of what is lacking and what ought to be done to bring about an integrated and logical program.

Where Some Insurance Money Goes

The following story is typical enough of the automobile dealer-repair shop population to explain some of what has happened to the cost of losses in the automobile physical damage and property damage liability field.

An automobile owner achieved two long scratches and a couple of dents at door edges when his vehicle raked the protruding bumper of another car. His home garage gave him a price of \$65 to straighten out the dents and paint out the scratches. When pressed, the garage reduced this to \$50. Why so much, the owner wanted to know. Because the upholstery had to be removed from the door in order to straighten out the dents, and that took a lot of

time. This still seemed too far out of line to the owner, so he asked what the charge would be to paint out the scratches—\$28, was the reply, if he bought the paint. That would cost him another \$3 or so—\$31 without touching dents or upholstery.

By this time the owner was so disgusted he took his car to a body works a mile away. There the price was \$15, the work was done by evening, and the owner states that it is impossible to tell the car had been damaged.

That is the whole story, with one exception. There was no insurance involved. If there had been, how much easier it would have been to let the insurance company pay the \$68.

PERSONAL SIDE OF THE BUSINESS

H. C. Conick, U. S. manager of Royal-Liverpool, and Clarke Smith, assistant U. S. manager, have just returned from a six-week trip to England.

Donald J. Reap, former assistant editor of THE NATIONAL UNDERWRITER, now with the Solomon Huber agency of Mutual Benefit Life in New York City, has graduated from Fordham University law school.

James S. Kemper, chairman of Lumbermen's Mutual Casualty, spoke Sun-

day at the dedication of the New Pleasant Ridge Presbyterian Church building at Cincinnati. This church was founded by his great-great-grandfather, the Rev. James Kemper, in 1791.

G. W. McIndoe, vice-president of Talbot, Bird & Co. and of its companies, Universal and Universal Indemnity, was honored at a luncheon at New York City by associates on his 50th anniversary in the business. Mr.

McIndoe started in the business in Montreal with Indemnity Mutual Marine of London and Mannheim Ins. Co. He went to New York City in 1908 where he served with F. Hermann & Co. and Union Marine of Liverpool before joining Talbot, Bird in 1919. During the last war Mr. McIndoe was chairman of the loading committee of Board of Underwriters of New York, having supervision over practically all vessels leaving the U. S. for ports around the world. He received a great number of wires and letters of congratulations from friends throughout the country.

Samuel Levin, prominent Chicago insurance attorney, has been reelected a member at large of the board of governors of Illinois State Bar Assn. He previously had been appointed to fill an unexpired term. He won handily in a contest at this time.

Lt. Earl F. Matre, now at Camp Polk, La., is to be married at Dayton June 21 to Marilyn Hagans at a top church wedding at Our Lady of Mercy Church. Lt. Matre is the son of Frank Matre, vice-president and western sales manager of Alfred M. Best Co. He is a graduate of University of Dayton.

T. A. Morris, who was formerly senior examiner of the Indiana insurance department, has gone with Blue Grass Life at Covington, Ky., in the capacity of chief underwriter.

William F. Schoeffler, attorney in the New York City law department of Fidelity & Casualty, received highest honors at the graduation of Insurance Society of New York's School of Insur-

ance and was presented with the Duncan Reid memorial first prize in casualty insurance contracts. He is a graduate of Fordham College and St. John's Law School, and has been with America Fore since 1948. He is one of the survivors of the Bataan Death March.

E. Dana Johnson, general agent of Jacksonville, Fla., and president of the recently organized Insurance Company of the South, is at Duke this week where he is to undergo an operation. He just returned from a trip to Michigan.

Dwight W. Sleeper, Jr., who resigned as manager at Cleveland of Indemnity of North America, has joined B. Lake Morrison and James Y. Reid in the Morrison & Reid agency at Dallas. It was in this city that he received his early insurance education, having lived there prior to moving to Cleveland in 1941. His father heads Insurance Buyers Council, an insurance consulting firm, at Boston.

F. J. Miller, state agent at Seattle of New Hampshire, was married to Miss Colleen Brophy, formerly with the Spokane office of New Hampshire.

Mrs. Laura Sheldon of Hinsdale, Ill., whose husband, Walter M. Sheldon, is vice-president of National Assn. of Insurance Agents, was presented shortly after her arrival at Honolulu with a grandson, who has been named Paul Richard Cassidy, Jr. Mrs. Sheldon attended the midyear meeting of N.A.I.A. at Denver and then went on to Honolulu to be with her daughter, Nancy Dianne Cassidy. She plans to return about July 1.

DEATHS

FRANCIS C. THOMAS, 65, staff adjuster for Hartford Accident at Los Angeles, died from a heart attack. He had been with the company there for 25 years.

C. H. DeROCHE, Oklahoma branch manager of Utilities of St. Louis, died at Oklahoma City. He had been the company's manager at Oklahoma City for 25 years, going there from San Antonio.

E. FINLEY CANNON, SR., 56, Gainesville, Fla., local agent and former president of Florida Assn. of Insurance Agents, died there following a heart attack. He was a graduate of University of Florida and a navy veteran of the first world war, and had served as president of Gainesville Chamber of Commerce and the Rotary Club there.

RALPH BRIGGS, 51, of the statistical department of the Gulf companies at Los Angeles, committed suicide during a period of despondency. He had been with the Pacific headquarters of the group for three years.

DANIEL A. BOWEN, 73, formerly with the Loyalty group at Philadelphia, died there. He was assistant secretary of the group at the time of his retirement 10 years ago.

CHARLES J. BERLIN, assistant secretary of Hartford Accident, died at Hartford hospital. He had been with the company since 1916 and was born in 1887 in Sweden. He became office manager in 1930 and was elected an assistant secretary in 1937.

PETER SCHLOSSER, 88, local agent at Eau Claire, Wis., since 1896, and dean of the active local agents there, died

following a stroke suffered in his office. He was president of Eau Claire Board of Fire & Casualty Underwriters in 1926.

Fred E. LAWRENCE, 61, manager of Michigan Mutual Liability, Alpena, Mich., died there.

HARRY J. MCKAY, local agent at Rochester, N. Y., former New York state assemblyman, died in his suburban Brighton home, apparently of a heart ailment. He was 69.

MISS KATHERINE T. HOLMES, 75, a partner in the Holmes agency at Ashland, Ky., died after a long illness. The agency, formed in 1929, originally was made up of Miss Holmes and her brothers, Martin J. and Patrick C. Holmes. The latter died some years ago. M. J. Holmes has been the active member of the organization.

FRANKLIN A. FLANDERS, vice-president of the Dewick & Flanders agency of Boston, died at the age of 51. He had been with that agency 27 years. He graduated at Yale in 1923.

PERRY T. SAUNDERS, 65, Ft. Pierce, Fla., local agent, died in a West Palm Beach hospital after a brief illness.

JOSEPH J. KEMMETT, 55, local agent and city treasurer of Delavan, Wis., died at a hospital at Milwaukee. He had been in poor health for several years.

Honor Kraemer, 50-Yr. Man

Herman H. Kraemer, manager of the brokerage department countrywide for America Fore, was honored Monday evening by 150 company officials, business associates and friends with a dinner in recognition of his 50 years with the organization. He was presented with an outboard motor.

T. Ray Phillips, Oklahoma state agent of America Fore, has moved from the downtown area to a new building at 49th street and Lincoln boulevard, Oklahoma City.

James F. Walker, son of the owner, has joined the Sam Walker agency at Bellaire, O.

THE NATIONAL UNDERWRITER

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CIRCULATION OFFICE:
420 E. Fourth St., Cincinnati 2, Ohio

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BOSTON 11, MASS.—210 Lincoln St., Tel. Liberty 2-1402. Wm. A. Scanlon, Vice-Pres.

CHICAGO 4, ILL.—175 W. Jackson Blvd., Tel. Wabash 2-2704. O. E. Schwartz, Chicago Mgr. A. J. Wheeler, Resident Manager.

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MINNEAPOLIS 2, MINN.—658 Northwestern Bank Bldg., Tel. Main 5417. Howard J. Meyer, Resident Manager.

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Howard J. Burrige, President.
Louis H. Martin, Vice-Pres. & Secretary.
John Z. Herschede, Treasurer.
420 E. Fourth St., Cincinnati 2, Ohio.

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PITTSBURGH 22, PA.—503 Columbia Bldg., Tel. Court 1-2494. Jack Verde Stroup, Resident Manager.

SAN FRANCISCO 4, CAL.—507 Flatiron Bldg., Tel. Exbrook 2-3054. F. W. Bland, Pacific Coast Manager.

Loyole Loss

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Loyola of La. Wins Wind Loss Case from '47 Blow

The U. S. 5th circuit court of appeals has held that Sun Underwriters is liable to Loyola University of New Orleans under its windstorm policy, for loss suffered on university property at Shell Beach, La., during the hurricane of September, 1947, the case being reported at 7 CCH (Fire & Casualty) 832. The windstorm policy was extended by endorsement to include loss on wharves and pile foundations, including steps, by "rising waters from wave wash" not to exceed \$2,000. The loss caused by wave wash is not in question.

Sun Underwriters contended that the finding of liability against it is unsupported in fact and in law, because there is no proof that the loss and damage claimed were the "direct result of the wind," and that in any event the evidence only establishes that the loss was due partly to wind, partly to high water and the policy does not insure against damage caused by the dual agency of wind and water. In connection with the latter point, Sun Underwriters said evidence does not distinguish damage caused by wind and that caused by water so that all in all Loyola has utterly failed to bring its damages within the provisions of the policy.

Loyola, on the other hand, insisted that Sun Underwriters' argument overlooks the undisputed testimony that at the height of the hurricane which produced at the location in question, winds of from 93 to 115 m.p.h., some 2½ hours prior to the time the water reached its highest level, and that prior to any significant rise of the water, eyewitnesses testified that the boat and bathhouse adjacent to the main building had already been blown away. At this time the floor of the main building involved was at least 7.9 ft. above the water. The force of the hurricane was from the north and the northeast, later changing to southeast and the changed wind brought in the water from the Gulf which flooded the area and the major damage was on the north and northeast side of the buildings from which direction the strongest winds came. The properties insured included a rest camp, main building, boat and bathhouse, caretaker's house and garage and chicken houses.

The higher court gave its seal of approval to the lower court's conclusion of law to the effect that Loyola in discharging its burden of proof to establish that the damages were within the terms of the policy could successfully do so "by direct and circumstantial evidence and the opinions of expert and skilled witnesses." When this is applied to the evidence and circumstances involved, the higher court said it does not appear that the findings of facts are clearly erroneous or that any cause is shown for reversal of the judgment.

Hear Cornett at Boston

A promising future was forecast for the A. & H. business by William B. Cornett, director of sales and service of the Prudential sickness and accident division, at a meeting of Boston A. & H. Assn.

Mr. Cornett said that many life companies have entered or are planning to enter the A. & H. field, with their primary purpose being to provide better

service to the public. He predicted the months to come will show a great increase in A. & H. premiums as well as more inclusive coverage and greater standardization of policy benefits.

Form Me.-Vt.-N.H. Blue Goose Pond; Bracken M.L.G.

MANCHESTER, N. H.—At its charter meeting held at Wentworth-by-the-Sea at Newcastle, N. H. the northern New England Blue Goose initiated 40 goslings from Maine, Vermont, and New Hampshire.

Conducting the initiation were Grand Keeper Robert L. Wiseman of Washington and Deputy Most Loyal Grand Gander William T. Murphy of New York City.

John H. Bracken, General Adjustment Bureau was elected most loyal gander; Warren L. Wright, Aetna Fire, supervisor; Roy A. French, Fireman's Fund, custodian; David J. Flanders, New Hampshire Board of Underwriters, guardian; Richard G. Vedeler, Springfield group, keeper; and Charles S. Coffeen, New Hampshire Fire, welder.

Bureau Heads Confer

Managers of the inspection bureaus of the middlewest had their annual gathering at White Sulphur Springs, W. Va., last week, and the managers of the audit bureaus or the managers of the auditing departments of inspection bureaus, as the case may be, are having their roundup at Lookout Mountain, Tenn., this week.

R. W. Benecke, local agent at Brunswick, Mo., was presented an engrossed scroll for 44 years' representation of Fidelity & Casualty.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. LaSalle St., Chicago
June 17, 1952

	Div.	Bid	Asked
Aetna Casualty	3.00	95	98
Aetna Fire	2.25*	55½	57
Aetna Life	2.50*	93	96
American Alliance	1.50*	33	35
American Equitable	1.50	27	28½
American Auto	2.00	39	41
American (N. J.)	1.00	25	26
American Surety	3.00	49	51
Boston	2.60*	67	69
Camden Fire	1.00	22½	23½
Continental Casualty	2.60*	77½	79
Fire Association	2.60	63½	65
Fireman's Fund	1.60	57½	59
Firemen's (N. J.)80	25	26
General Reinsurance	1.20	33	34½
Glens Falls	2.00*	56½	58
Globe & Republic80	14	15
Great American Fire	1.50*	37	38½
Hanover Fire	1.60	35	36
Hartford Fire	3.00*	139	141
Home (N. Y.)	1.80	38½	39½
Ins. Co. of North Am.	2.50*	87	90
Maryland Casualty	1.00	21½	22½
Mass. Bonding	1.60	24	25
National Casualty	1.50*	27	Bid
National Fire	2.50*	65	67
National Union	1.80	40½	42
New Amsterdam Cas.	1.50	37	39
New Hampshire	2.00	42	43½
North River	1.20	28	29
Ohio Casualty	1.20	66	68
Phoenix, Conn.	3.00*	90	92
Prov. Wash.	1.50*	29½	31
St. Paul F. & M.80	32½	35
Security, Conn.	1.60	34½	35½
Springfield F. & M.	2.00	48½	50
Standard Accident	1.60	35	36½
Travelers	14.00*	645	655
U. S. F. & G.	2.00	53	54½
U. S. Fire	1.40	45½	47

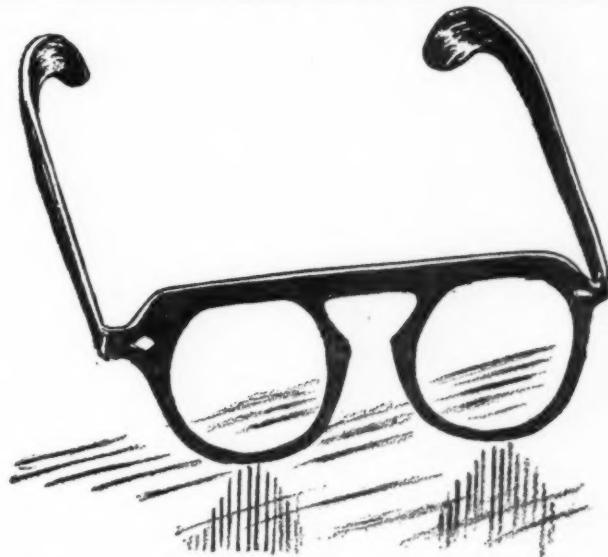
*Includes extras.

Roy Eblen to Retire

Due to the fact a line was dropped from the story last week on the field meeting of Phoenix of Hartford, the name of Roy Eblen was not mentioned in the list of officers that are to retire later this year. Mr. Eblen is vice-presi-

dent of Phoenix and president of Central States Fire.

Insurance Women of San Antonio held their installation banquet and bosses night June 14. C. Oliver Sawtelle of Sawtelle, McAllister & Cary, past president of San Antonio Insurance Exchange, was master of ceremonies, and Gordon Friedrich, present president of the exchange, was installing officer.



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FIRE • MARINE • CASUALTY • AUTOMOBILE

Court Won't Magnify Puff Into An Explosion

Connecticut superior court has declined to permit a puff from a faulty furnace to be magnified into an explosion so as to bring the damage within the policy coverage, the case being Lichtenstein et al., vs. Firemen's, 7 CCH (Fire & Casualty) 834.

There was, the court said, no explosion on the premises in the underwriting sense in which that term is used in the policy. The damage that was done was

from a faulty furnace. The soot that was all around the burner was a gradual accumulation. Indeed on one of the service slips before the date of the alleged explosion there was a reference to soot. For some reason there was faulty combustion and when ignition smothered and expired, the dying gasp puffed out a hot breath of soot that gathered outside like dust and seeped into every aperture and channel into air currents throughout the house. In the sense that a puff belched out soot when the faulty phenomenon occurred it was an explosion. So it is an explosion of sorts when a man puffs out smoke as he enjoys his pipe, the court remarked.

Neither, according to the court, was there smoke damage from the operation of the heating equipment in the sense covered by insurance.

Doane Seattle Special Agent

R. P. Doane, who has just returned from marine corps service, has been appointed special agent of National Fire at Seattle. Before leaving for service he was a member of the Seattle staff.

Insurance Investment Data

John C. Legg & Co., Baltimore investment house has gotten out a publication titled "Growth, Earning Power, Plow-back, Diversification, Dividends" pointing out some of the attractions of insurance securities, and also "Comparative Data" setting forth the operating records for 1931 of 71 fire and casualty companies.

E. A. Henne Is Having a Rest

E. A. Henne, vice-president and western manager of America Fore, is at Swedish Covenant hospital at Chicago for rest and check-up. Indications are he will remain there for another week or 10 days. Simply in order to get the maximum benefit in the way of rest from his stay there he is not seeing visitors.

Geisler to Address Exhibitors

E. W. Geisler, vice-president in charge of Fred S. James & Co.'s Pittsburgh office, will speak on insurance problems of expositions and exhibitors at the meeting of National Assn. of Exhibit Managers at Bedford Springs July 17.

New Salt Lake Officers

C. R. Bennion has been elected president of Salt Lake Assn. of Insurance Agents. Ray G. Brandley is vice-president, and M. G. Nell was reelected secretary-treasurer.

New W. Va. Legal Aid

Charles M. Harrison of Huntington has been appointed a legal assistant to Commissioner Crichton of West Virginia succeeding Arden J. Curry, who becomes assistant attorney general.

Vickery to Take New Post

The latter part of the summer E. B. Vickery, Jr., vice-president of Thomas T. North, Inc., independent adjuster at Chicago, will leave to join N. P. Oliver Co., exporters, in New Orleans as a partner.

New St. Louis Officers

St. Louis Claim Men's Assn. installed new officers at its picnic. They are: President, Howard S. Keeling, New Amsterdam Casualty; vice-president, Jack N. Rosbach, Lynch Adjustment Co.; secretary, Carlotta Beall, Employers Mutuals of Wausau; treasurer, Rudy Kettlekamp, Standard Accident.

Spectacular Fur Loss

Loss in the spectacular robbery of U. S. Fur Cleaners at 643 North Kedzie, Chicago, may run from \$125-150,000. The insurance was in Connecticut Fire through Fred S. James & Co. Toplis & Harding is the adjuster.

The robbery was cleverly engineered

but the robbers were not selective in what they took. They left far more valuable furs than they took. There was a phone call to U. S. Furrier saying that a messenger was on his way with some "specials" meaning garments to be cleaned or repaired on the quick. In due course, a man in messenger attire and with a box of furs presented himself, was admitted, held the girl at the entrance with a gun, and then opened up for his accomplices.

Opens Tampa Office

The Hurt & Quin general agency of Atlanta has opened a service office at 442 West Lafayette street, Tampa, in charge of Special Agent Charles H. Atkins.

Patterson Joins R-L in Ohio

Bruce Patterson has joined the Royal-Liverpool group as fire protection representative in southern Ohio. He was formerly with the Ohio Inspection Bureau and is a graduate of Marietta College. He will make his offices at 920-30 Keith Building, Cincinnati.

Marker to Garrett-Bromfield

Robert J. Marker, who has been a field man for Cobb-Stebbins at Denver for some time, has severed that connection to take over the insurance department of Garrett-Bromfield.

NEWS BRIEFS

Western Mutual held an open house at its new home office building recently constructed in downtown Des Moines. The company's agents were guests at the new building and attended a luncheon.

George Malcolm-Smith, well known author, playwright and assistant manager of the public information and advertising department of Travelers, received the honorary degree of master of arts at the commencement exercises at Trinity college, Hartford, Sunday. Mr. Malcolm-Smith is an alumnus of Trinity, class of 1923.

Donald W. Brunni, formerly assistant manager of the insurance department of Henry Broderick, Inc., Seattle, has been advanced to manager, succeeding Bart Spellman. Earlier he was as-

sistant manager of the insurance department of George D. Barclay Co.

V. J. Toher in R. I. Field

Vincent J. Toher has been appointed special agent for Hanover with headquarters at Providence. He has been with the company 15 years except for military service during the last war.

James T. Devlin has been appointed special agent for Home in the Westchester county-Staten Island field. He has been an underwriter of such business.

Mrs. Mary K. Barber, formerly of New York University's Center for Safety Education, has been named traffic safety analyst of the accident prevention department of Assn. of Casualty & Surety Companies.

Dennis Payne has purchased the Shideler Mortgage Investment Co. of Topeka and the new name will be Dennis Payne & Co. Mr. Payne has been with Meade & Co. of Topeka for three years, and prior to that was with Aetna Life.

Donald G. Vaughan, manager of the engineering and inspection department of Aetna Casualty, has been elected president of the Connecticut Valley chapter of American Society of Safety Engineers.

Lee L. Solis of Bates & Co. installed these new officers of Insurance Women of Columbus, O.: Miss June Aitken, Bates & Co., president; Miss Gwen Glandon, Buckeye Union, vice-president; Miss Marjorie Courtwright, Ohio Inspection Bureau, treasurer; Miss Ruth Evans, W. E. Whipple agency, and Mrs. H. E. Shields, Indemnity of North America, secretaries.

Insurance Women of Austin, Tex., held their first meeting under the new officers at the home of Mrs. Isabel Martin, president. Miss Ella Smith, Texas Automobile Service Office, was chosen as "insurance woman of the month."

Dorothy Downs, Associated Factory Mutuals, has been reelected president of Rhode Island Assn. of Insurance Women. Grace E. Brant was named vice-president. Claire Del Donno and Hope W. Morton were reelected secretary and treasurer, respectively.

Insurance Women of Cleveland have elected Helen C. Albaugh, president; Norma M. Garling, 1st vice-president; Josephine H. Dusek, 2nd vice-president; Marie A. Snyder and Ruth Stoelting, secretaries, and Eileen Cleary, treasurer.

It goes without saying



that a client who feels well protected by his agent or broker is less likely to "shop around" for his insurance . . . Perhaps that's one of the reasons why more agents and brokers year after year place more Power Plant Insurance with Hartford Steam Boiler than with any other company.

Etab. 1866



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Cravey Given Shift to Ga. Federal Court in \$30 Million Suit

Dismissal First Ordered at Miami Hearing, Then Changed to Severance

By JEANNE WELLENKAMP

MIAMI—Commissioner Cravey of Georgia won and lost the first round of his defense in the \$30 million suit brought against him and other defendants by Bankers Life & Casualty under the Sherman and Clayton anti-trust acts.

Federal Judge Holland heard a motion in chambers by M. H. Blackshear, Jr., deputy assistant attorney general of Georgia, to dismiss the action and quash the summons as regards Cravey. Judge Holland held that the court had jurisdiction to issue the summons to Cravey, but found that there was no venue so far as Cravey was concerned.

Upon first reading his decision, Judge Holland stated that the action against Cravey was dismissed, but after hearing further arguments from Miller Walton, representing Bankers L. & C., he changed the decision to one ordering severance as to Cravey, and transference of his case to the U.S. district court for the northern district of Georgia, Atlanta division. Mr. Blackshear refused acquiescence to the changed wording, and reserved the right to file an objection.

Assisting Mr. Blackshear was Lamar W. Sizemore, Georgia assistant attorney general. Charles F. Short, Jr., of Brundage & Short, Chicago, appeared with Mr. Walton, who is a member of the Miami firm of Walton, Hubbard, Schroeder, Lantaff & Atkins.

Other Defendants at Hearing

Interested spectators at the hearing were J. Edwin Larson, Florida commissioner, and E. H. Barry, secretary of Reserve Life. Larson and Reserve are co-defendants in the case together with George Washington Life, Professional Ins. Corp., American Security Life, and C. C. Bradley, vice-president of Reserve. Hartford Accident is also sued because it is on Cravey's bond.

Fred M. Burns, Florida assistant attorney general, and Walter E. Rountree, attorney for the Florida department, accompanied Mr. Larson, and James Dixon of the Miami firm of Dixon, DeJarnette & Bradford was with Mr. Barry.

All the defendants are accused of entering into a conspiracy to unlawfully restrain the plaintiff's trade and commerce among the several states, and of suppressing competition in interstate commerce.

Blackshear's argument on Cravey's behalf was to the effect that the court had no jurisdiction, and that the venue was improperly laid in the southern district of Florida because the defendant is not and never has been a resident of that state, that he does not transact business in Florida nor have an agent there. He was handed process in the northern district of Florida while at-

(CONTINUED ON PAGE 23)

SETS HEARING JULY 21

Nebraska to Impose Conditions on Auto B. I. Riders

Director of Insurance Laughlin of Nebraska has called a hearing for July 21 on a proposed rule laying down conditions for the use of riders or endorsements to automobile third party liability policies that restrict coverage insofar as the vehicle is being operated by specified individuals, persons of a designated age bracket or occupation or while being operated in a particular area such as military reservations by the named insured or others.

Mr. Laughlin in giving notice of the hearing states that the department has received many complaints, most of which concern alleged failure of the agent properly to notify the policyholder that the contract contains a limiting or restrictive feature. The rule provides that a policy with such restrictions must contain provisions or statements to the effect:

—That the policy to which the rider or endorsement is attached is no longer in full compliance with the requirements of the safety financial responsibility act;

—That the insured fully understands the limitations being incorporated in the policy;

—That the rider or endorsement is not effective unless signed by the insured.

All riders or endorsements heretofore approved, which are presently on file in this office, which are inconsistent with this rule, will stand disapproved as of Oct. 31.

Some Auto Accident Levelling Out in N. Y.

Though personal injury accidents in New York, according to the Bureau of Motor Vehicles, increased from 24,211 to 24,896 in the first three months of 1952, compared with the same period a year ago, and property damage accidents increased from 54,611 to 57,246, deaths were down from 462 to 430. March showed a decline in personal injury accidents from 8,356 to 8,349 while P.D. accidents increased from 16,335 to 19,483. Deaths were off from 163 to 150 in March. Approximate cost of P.D. accidents was \$6,774,000, compared with \$6,443,000, and for the quarter, \$20,664,000 against \$19,940,000.

The bureau analyzed vehicular collisions, which accounted for 58% of all personal injury accidents, and found that for fatal accidents, head-on collisions accounted for 58% of the total, angle accidents 27%, rear-end 9% and side-swipes 6%. In the non-fatal category, rear-end accounted for 38%, angle 34%, side-swipes 15%, head-on 11%, and backed-into 2%.

N. Y. Gets Mail vs. Rate Hike

The New York insurance department has received several hundred letters, post cards, and telegrams, most of them from individual citizens, opposing the proposed increase in automobile bodily injury and property damage liability rates. The fact that there is an increase ahead was given considerable publicity by the New York newspapers, notably the New York Times.

While many of the communications simply oppose a rate increase, quite a number express themselves in favor of increasing the amount paid by those motorists who sustain accidents so that that burden may be lightened on those who are accident free.

(CONTINUED ON PAGE 28)

Gives Slants on S. F. Presbytery Case

From R. N. Martin, Jr., vice-president of Arizona Trust Co. of Phoenix.

On Page 22 of the Feb. 28 edition of your publication, you published a rather startling story under the headline \$41,500 Judgment Puts S. F. Presbytery in a Hole. This story was of such an unusual nature that we took the trouble to investigate further, with the kind assistance of one of the professors at the University of Arizona Law College. The report which we have received indicates that in certain respects your story was either incorrect or misleading. Since many insurance agents like ourselves read your publication and expect to find it completely accurate in its reporting, it occurs to us that the discrepancies should be brought out.

Your story seems to suggest that there was no reason for the suit including the minister of the church and the Presbytery. It also specifically states that the volunteer helper involved had no specific authorization to help. The facts as we understand them clearly show that the minister was directly involved, that the Presbytery, by virtue of the fact that the church in San Mateo was a Mission Church, was definitely involved, and that the volunteer helper did have authority, even though it may not have been specific as to the particular action in which he was involved at the time the claim arose.

Facts Are Related

For your information, we are quoting from the report which we have, and which, we understand, was taken from a law review of the case:

"During the summer vacation of 1943 the plaintiff, Malloy, then a boy of 13, attended a vacation Bible school conducted at the San Mateo Presbyterian Church for the children of members of the church. At that time, the church was a 'mission' under the jurisdiction of the Presbytery of San Francisco. The pastor of the church, a Mr. Antisdale, was then in charge of the school and gave the Bible instruction. The Bible classes were supplemented by classes in arts and crafts and by supervised recreation at a nearby playground, to which the children were taken in automobiles and from which they were returned to the church at the conclusion of the recreation period.

"Mr. Antisdale became ill several days before July 1, 1943, the day plaintiff was injured, and defendant Fong, a 19-year-old divinity student, undertook to supply Mr. Antisdale's place. In addition to conducting the Bible classes, Fong drove the children to the playground in a Ford station wagon loaned to him for that purpose.

Race Run in Autos

"Antisdale returned to the church on the day of the accident, but Fong remained in charge of the classes. At the conclusion of the Bible instructions, Fong released the children to wait outside the church for transportation to the playground for the recreation period. Antisdale emerged from his office to see the children climbing into Fong's station wagon and several boys, including the plaintiff, were standing on the running board. Antisdale then informed the children that he would take some of them in his car, and two of them stood on the running boards of Antisdale's car. The plaintiff remained standing on the left running board of the station wagon.

"To shorten up this recital, it appeared that the children in each vehicle were shouting and challenging the children in the other vehicle to a race to the play-

(CONTINUED ON PAGE 26)

International A. & H. Assn. Holds Meeting at Asbury Park, N. J.

John Galloway of Birmingham Elected President—Zimmerman Keynoter

By JOHN C. BURRIDGE

ASBURY PARK, N. J. — With the days equally divided between business sessions and recreation, the 300 persons registered for the annual convention of International Assn. of A. & H. Underwriters are meeting here this week. Sales and inspirational speakers held forth Monday and Tuesday mornings, and the afternoons were devoted to fishing, golf and horse racing.

John Galloway, agent of Birmingham, Ala., whose principal company is Provident Life & Accident, was elected president. Under a new official lineup adopted at the council meeting, there are two vice-presidents, and these are Bert A. Hedges, Wichita, Kansas manager of Business Men's Assurance, and Thomas Callahan, Time of Milwaukee. Jay De Young of De Young-Kummerow, Chicago, is treasurer and Mr. Callahan chairman Leading Producers Round Table.

The meeting was exceptionally well organized, but attendance was a disappointment to the eastern hosts, the Philadelphia, New Jersey, Baltimore and Brooklyn associations. However, the delegates turned out in good style for the business gatherings.

Zimmerman Key-noter

The keynote talk, and the outstanding address of the meeting, was given by Charles J. Zimmerman, managing director of Life Insurance Agency Management Assn. In forthright fashion, Mr. Zimmerman brought up what he considers the leading problems of the A. & H. business, and he urged the agents to take the lead in finding solutions, remarking that it has been his experience that the initiative in changes comes almost always from the field and not the home offices.

Mentioning loss ratios, he said a 50% return may not be enough, and one reason the companies cannot afford more is that they pay 35 or 40% each year for the business. Another "more equitable" means of paying commissions may have to be developed, he suggested.

A. & H. insurance is a commodity that has to be sold rather than merchandised, Frank Walton, field director of Mutual Benefit H. & A., said in his talk at the opening session. He backed up his point by noting the comparison of refrigerators, which, he said, were owned by only 6% of people having electricity in 1920 but in 1930 the percentage was 30 and now is about 87. People buy refrigerators; they do not need to be sold on their value.

There will always be the necessity of a salesman for A. & H., he predicted. To tailor the individual program and convince the prospect that he should buy, nothing can replace the efforts of the agent.

Most people don't interpret the need for A. & H. in terms of their own family situation, Mr. Walton remarked. That is something that has to be impressed on them by the agent. He recalled a doctor who five years ago was

(CONTINUED ON PAGE 25)

Auto Rate Filing Reportedly Is Made in N. Y.

**50% Profit Margin:
Surcharge for Accidents
and Hefty Rate Increase**

NEW YORK—Unofficial word is that National Bureau of Casualty Underwriters and Mutual Bureau have made an informal filing of automobile casualty rates in New York which contains the 5% allowance for profit and contingencies, a plan for charging drivers who have accidents, and a substantial increase in rates.

Presumably there will be no authoritative indication of the department's reaction until after the commissioners convention in Chicago. Superintendent Bohlinger is giving a welcoming address at International Assn. of Insurance Counsel in Lake Placid, N. Y., this week and then will go to Chicago for the N.A.I.C. convention.

New York Times, which has been an advocate of compulsory auto insurance and has had several news stories on the coming rate increase, Wednesday published an editorial noting the huge losses suffered by insurers on the line and stating "that is not a healthy situation for the public. An unduly low premium rate has a number of bad results," the editorial states. It may force some companies into bankruptcy or out

(CONTINUED ON PAGE 26)

Enters Plea for Letting Substandard Risk Find Its Own Market and Rate

By WILLIAM K. O'CONNOR

Vice President—Chief Underwriter
Kurt Hitke & Co., Chicago

With loss ratios on automobiles at an all time high, with major insurers



W. K. O'Connor

of this class of business accepting renewals only on a limited basis, with whole segments of automobile purchasers unable to find markets, again the problem of realistic rating faces the insurance industry. Much has been done in an effort to reduce accidents such as stricter law enforcement and traffic regulations, drivers license examinations, automobile inspections, driving instruction in high schools and colleges, better street lighting and road signs, etc. All of these no doubt have been of some help in reducing the number of casualties, however, much more can be accomplished with a sensible approach to a modern up-to-date rating structure.

The time may not be here when we will insure the automobile driver so he may maintain his right to drive a dangerous machine on the highway instead of insuring a harmless automobile. We can, however, take a leaf out of the book of life insurance companies who rate their individual risks according to the exposure.

The present rating structure divides the automobile drivers into three classes, such as, drivers over 25 years of age

with pleasure use only, over 25 years of age used for business and pleasure, and drivers under 25 years of age. Each classification should be further subdivided into standard risks, preferred risks and hazardous or substandard risks. In this manner a rate commensurate for each risk can be achieved.

Standard Rates and Risks

The major portion of the automobile risks would be, of course, subject to standard or base rates and a rate appropriate for the average automobile driver can easily be computed; especially so when preferred and substandard risks are eliminated from the average classification. The merit rating plan which was in use several years ago is in my opinion a kin to bribing junior with candy so he will behave. It should not be necessary to offer special inducement in the form of a rebate to make the average driver a careful driver.

Several insurers have been successful in writing the preferred risks or the cream of the crop at deviated rates. This, of course, necessitates careful selection of all applicants as to physical impairment, occupational hazards, driving experience, etc. Thus the risk with an established record has been given proper credit in the form of a lower insurance rate.

Substandard Classification

The problem child of the present is the risk which no prudent underwriter will accept because of some unusual hazard. Efforts to solve this situation via the assigned risk plan will only result in higher rates for the average driver or more uninsured cars on the streets. Many rating authorities seem to be unyielding in their refusal to approve the filing of rates commensurate with the exposure for substandard risks. To make the accident prone or careless driver's insurance rate adequate is in my opinion the only logical and prudent way of solving today's automobile insurance problem.

Most state insurance laws today require that rates shall not be discriminatory; inadequate or excessive. It is my opinion that when an insurer specializes in only one type of risk and files one rate cannot be discriminating. Through this action the insurance agent should then be able to find the proper market for his client.

There are no bad risks, there are bad rates.

Proposed Senate Resolution Would Brake I.L.O. Treaty

Senator Bricker of Ohio has introduced on behalf of 57 senators Senate resolution 130 which provides for a constitutional amendment to prevent a commitment of the federal government to any broad form of social insurance through a convention of the International Labor Organization or other treaty without action by the voters or by the House.

Offer Additional Stock

Aegis Casualty of Denver is offering an additional 75,000 shares at \$2 a share. Of this \$75,000 will be credited to capital, \$45,000 will be credited to paid-in surplus and \$30,000 will be paid to Aegis Corp. to defray the expenses of selling.

The first offering of 50,000 shares has been completed and this provides a capital of \$50,000 and net surplus in excess of the \$25,000 which is the Colorado minimum for a casualty company. Steps are being taken to qualify the company in Colorado, but it desires to have additional resources so that it may be in a position to enter other states. John Simpson, Jr., is the president.

Archaic Auto Rate Making Is Basic Casualty Problem

**Snow Sees Business
Shocked and Confused
by High Verdicts**

Despite the ready availability of statistical information showing the cost to an insurer of buying claims, rate making continues to proceed upon its archaic formula of establishing tomorrow's rates by using yesterday's cost as a basis, Gordon H. Snow, vice-president and general counsel of Pacific Indemnity, told the annual meeting of International Assn. of Insurance Counsel at Lake Placid, N. Y. Thirty-five years of failure should provide convincing proof that a complete departure from this process is indicated, he declared.

A modern rating method that would use trend factors is essential in restoring the casualty business to health.

Inequity Is Inevitable

Taking the cold statistics of developed experience of the past three to five years to determine a proper rate for the coming year or years is as unsound as setting the price of an automobile for the coming year based upon the cost of manufacture during the past three years, he said. Inequity is bound to result unless all conditions remain identical, a situation which never prevails. Cost to a manufacturer is influenced by cost of labor, materials, taxes, marketing, freight and the like.

Cost to an insurer in buying claims is influenced by similar tangible items such as medical, hospital, wages, drugs and pain and suffering awards; and as relates to property damage coverage, cost of the automobile and its parts, labor, the over-all cost of other property, and the like. A surprising parallel exists between the cost of such items and the cost of claims.

The theme of Mr. Snow's talk was the primary insurer's view of the recent trend toward high verdicts. However, he regarded the basis of the entire problem as rates. As for the high verdicts, the industry looks at the recent trend toward unprecedented high verdicts with alarm, shock, confusion and frustration.

Unique Way of Operating

Suppose Chrysler Motor Co. had sold all of its motor cars in the past 30 years at a loss, he said, and succeeded in staying in business only because of the small profit they made from the sale of air conditioning equipment and from the investment profit they realized from the sound investment of surplus funds, largely the money invested by stockholders. There would be little justification for the continued existence of such a company in the automobile business. The public would look with a calloused eye upon the management of the company and ask why it didn't retire from the automobile business and confine its operations to the building of air conditioning equipment.

Suppose, in addition, that state administrative commissions established the price which could be charged for the automobile and that some states set the price at a level where a profit is impossible, and the manufacturer is told in effect that he must try to make up the difference elsewhere if possible. Lawyers would immediately say such a process suggests discrimination, and perhaps that management should re-

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Favors Putting Damper on High Auto Limits

From a company executive:

Referring to the editorial, "Removing Limits from the Bargain Counter," in your June 5 edition, in the same way that the sale of liability insurance has increased liability claims, the sale of increased limits has produced higher verdicts. It's now up to the companies to stop the trend, and perhaps try to reverse it. Very few agents will make much of an effort along that line because the sale of increased limits means more commission.

In considering this matter I have in mind the individual who does not have enough assets to need much protection but who wants the higher limits for the benefit of people whom he may injure. (Some people, of course, have a lot of money and need high limits for protection, but that is an entirely different matter.) Perhaps it might be a good idea for the companies to consider insurable interest before agreeing to write limits of more than 15/30. For example, a pauper could not get limits of more than 15/30. If, however, the insured had assets of \$20,000, he could get limits of 35/50, or perhaps even 35/70.

Also if an insured knew that his limits were not high enough to give him full protection in the event of a serious accident, he might possibly drive a little more carefully, and, still more important, might manage somehow or other to get members of his family to drive more carefully.

Assigned Risk "Apps" in Wash. Show Heavy Increase

An increase of 30 to 35% in the number of assigned risk applications during the first three months of this year was reported by Manager E. R. Haffner at the annual meeting of the Washington automobile assigned risk plan at Seattle. In April the number rose to 50% over the corresponding month of 1951 and a still further increase was expected. B. K. Campbell, former manager, reported on operations for 1951.

Mr. Haffner also explained the newly-adopted three-day rule for handling voluntary risks. He urged the members to cooperate in quoting promptly within the three-day period, after receiving an assignment.

Lyle V. Sizer, State Farm Mutual, was elected chairman to succeed M. P. Tompkins, Fireman's Fund Indemnity. The entire governing committee was re-elected, other members being R. L. Noble, Kemper group; C. B. Birkenmeyer, American-Associated, and R. L. Turner, Farmers group.

Award Marine Base Contract

Allison Honer and Cox Bros. Construction Co., Alhambra, Cal., jointly have been awarded the contract at \$2,941,000 for the construction of expanded facilities at Camp Pulgas marine training barracks, Oceanside, Cal. Seaboard Surety is on the bond of Honer and Great American Indemnity, through Wren & Van Alen, on the bond for Cox.

Favor City Liability Cover

A resolution presented at the annual meeting of League of Minnesota Municipalities at St. Cloud favors empowering any city to procure liability insurance covering torts committed by the city or its officers or employees within the scope of their official duties and to waive the defense of governmental immunity.

Another resolution calls for amending the state compensation act to provide coverage for death or injury to citizens serving in civil defense duty, and "to recognize such indemnification as a state obligation, to the extent that

it is not taken care of or reimbursed by the federal government." The resolution recommends that as much as possible of the financing of such indemnification be assumed by the federal government.

Charles Rowan, secretary of Assn. of Insurance Advertisers, has been elected president of the Milwaukee aerie of Fraternal Order of Eagles.

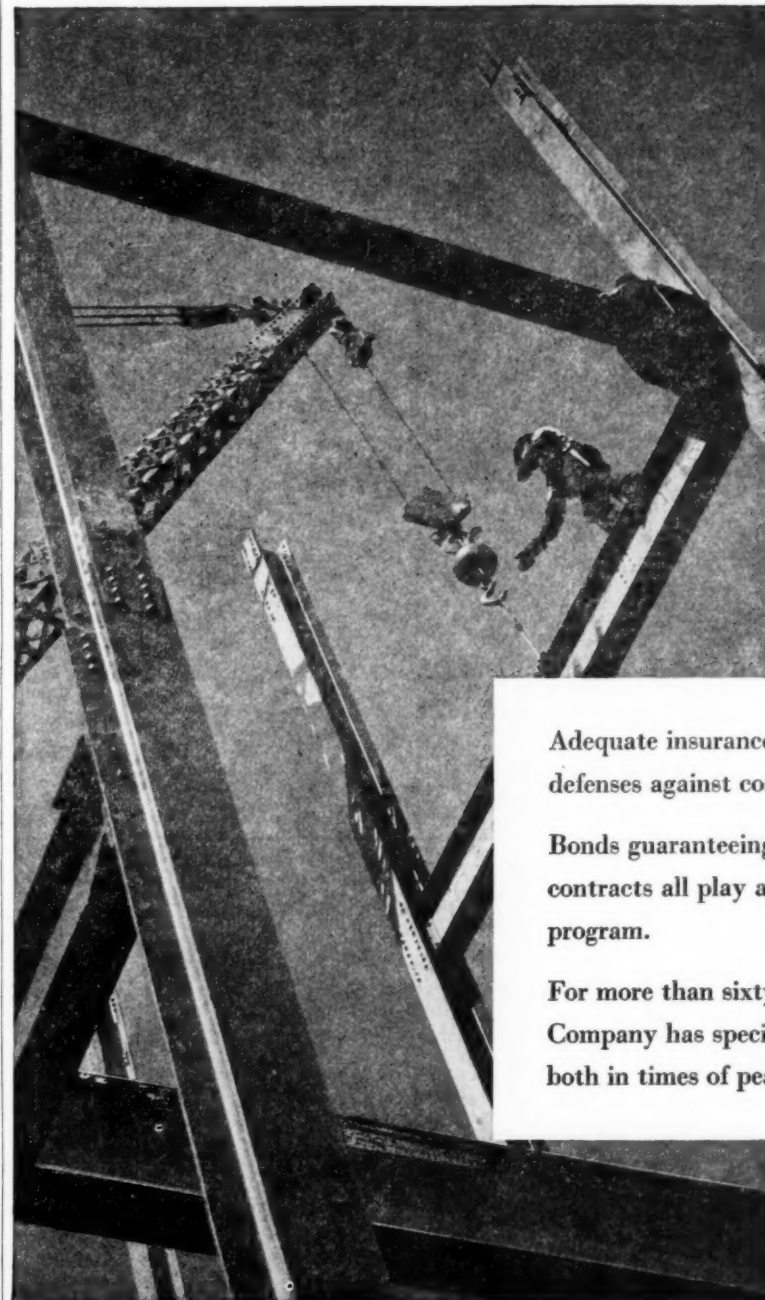
The Employers group is moving its Kansas City branch office from the National Fidelity building to 114 Grand avenue July 15.

H. E. Stotts Named to Hoosier Posts

Harry E. Stotts, agency superintendent at Indianapolis for Hartford Accident and a veteran of about 17 years with that company, has been appointed to the organization positions that were occupied by John D. Pearson at the time of his death recently. He becomes executive secretary of Hoosierland Rating Bureau and also of A.B.C. Service

Bureau, and manager of Indiana Automobile Assigned Risk Plan. Hoosierland Rating Bureau is the organization that serves many of the independent companies. A.B.C. Service Bureau is a clearing house of the index bureau type of claims.

Mr. Stotts is 42 years of age. He has been agency superintendent of Hartford Accident for the past two years, and prior to that was underwriting manager for five years. Earlier he had served in a number of places for Hartford Accident.



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Bureau's Cal. Auto Rate Moves Are Elucidated

THE NATIONAL UNDERWRITER customarily avoids intruding in controversies arising from editorial activities of other publications, but is making an exception here due to the fact that National Bureau of Casualty Underwriters has issued a formal release containing important information that THE NATIONAL UNDERWRITER would want to publish entirely aside from the controversy with Mr. Kenny.

The June 7 issue of U.S. Investor contains an article by Roger Kenny in which very serious charges are made against National Bureau of Casualty Underwriters as a ratemaking organization, the bureau states in a release. The primary basis of the charges rests upon recent action of the bureau in connection with the excess limits tables for automobile B.I. insurance in California. Accordingly, it is highly important that the press be acquainted with the real facts so it may draw its own conclusions as to the propriety of the bureau's action, the release states.

Higher Tables for California

The release states, in substance, effective Feb. 4, 1952, auto B.I. excess limits tables were increased roughly 100% in California for private passenger and commercial cars, against a general countrywide increase of approximately 36% for private passenger cars and 70% for commercial cars. In both instances, supporting information consisted of past excess limits experience developed to an anticipated ultimate basis with recognition of the upward trend. For California, additional data were furnished voluntarily by a group of independent companies. In the light of all available information, it was bureau judgment that the higher tables were justified for California.

As required under the California rate regulatory law, the revised tables were promulgated on an advisory basis, meaning that members and subscribers of the bureau as well as independents were free to use the tables or not as their judgment dictated. Following the pro-

mulgation, the California department started an investigation of the propriety of the advisory tables.

While this investigation was still in progress, the bureau completed the development of a ratemaking program to be used in all states in revising rates during 1952. It is important to note that in measuring required rate adjustments, this program involves consideration of the increases that were made last February in the excess limits tables. Consequently, as a part of such a rate revision for California, the bureau felt that it would be consistent to substitute the countrywide excess limits tables for the California exception simultaneously with the introduction of increased manual rates. It was considered judgment that the countrywide tables, when applied to the new rates, would provide appropriate charges for excess limits coverage.

Commissioner Maloney was advised that in bureau judgment the higher tables when applied to existing rates were fully justified, but that, for the reasons given, the bureau would be willing to substitute the countrywide tables concurrently with the forthcoming rate revision. Commissioner Maloney recognized that "a time-consuming formal proceeding" could not be concluded before the date the bureau had in mind for such a revision and, therefore, it was agreed that a joint statement would be issued announcing its intended course of action.

The bureau has no apologies to make for its action in California and asserts that not only has there been no "half poker bluffing" in its past rate submissions in any state but there will never be any at any time in the future.

No Commission Rule Change

SEATTLE—A special committee of King County Insurance Assn. has examined the organization's return commission rule with respect to its applicability to term payment and annual renewal plans.

The committee has submitted a unanimous recommendation that no change be made in the by-laws, that the present rules should be applied as respects either of the plans, in the event business passes from one member to another.

UCD Insurer Wins Another Case Over W. C. Carrier

The California supreme court has announced its opinion in another unemployment compensation disability decision of first impression. H. Harold Leavey, vice-president and general counsel of California-Western States Life, reports that the company, in an action against the industrial accident commission involving the claim of one Aguilar, has held that where the UCD underwriter made payment to the claimant and promptly filed its lien the workmen's compensation carrier, if it pays the award of the industrial commission without first paying the UCD lien, does so at its own peril if the industrial commission award is erroneous. In this case the state workmen's compensation fund must now pay the amount of the California claim, even though it had paid the award in full to Aguilar, the claimant. Sidney L. Weinstock of San Francisco and J. Richard Glade of Sacramento were attorneys for the company.

This decision means that workmen's compensation carriers cannot defeat the lien of a UCD underwriter for advancements which it has made by paying the IAC's award before the time limit within which the UCD carrier may file a request for rehearing or file its appeal. The time within which such petition may be filed is 20 days.

The decision of the supreme court makes the fourth decision in a row in which UCD carriers have defeated the contentions of workmen's compensation carriers. The first was the case of Bryant vs. I.A.C., decided early in 1951, in which the court held that the UCD lien extended to awards for permanent disability. Then Aetna vs. I.A.C., decided in March, 1952, held that UCD liens extended to amounts paid under compromise and release of workmen's compensation claims. Cal-Western vs. I.A.C., decided April 1, 1952, was a companion case to the Aetna decision.

The industrial commission will hold a meeting to consider the problems arising particularly out of the Aetna

case and possibly to promulgate certain regulations respecting UCD liens in compromise and release cases. The meeting will be at San Francisco June 23.

Searles St. Louis F. & D. Top Man

BALTIMORE—Appointment of James R. Searles as resident vice-president in charge of the St. Louis branch of Fidelity & Deposit Company is announced. Formerly manager at St. Louis, Mr. Searles succeeds Fred H. Doenges, vice-president, who has resigned to accept an executive position with American Auto.

Mr. Searles has been with F.&D. since 1929. Following completion of the training course, he was assigned to St. Louis as special agent and has been connected with that office ever since. He was promoted to assistant manager in 1935 and in 1948 was made manager.



James R. Searles

Plan Educational Work in Mich. for Coming Year

LANSING, MICH.—Initial plans for the coming year's educational program sponsored by Michigan Assn. of Insurance Agents and conducted through the continuing education department of Michigan State College were launched at a meeting here.

Association district governors, local board presidents and field men totaling 56 attended the conference, called by Merrill G. Craft, Jackson, president of the state association. Waldo O. Hildebrand, association secretary-manager, served as chairman.

Leaders for the various phases of the program under discussion were: Robert Olp, chairman of the association's education committee; Carl Strong, insurance coordinator of the college continuing education department; Frank Greene, National Fire, state director of public relations; C. C. Iuppenlatz, U. S. Fire, chairman public relations education committee; Darlyle Watters, director agency licensing division Michigan department; Gordon LaBelle, Travelers Fire, president Grand Rapids Casualty & Surety Assn.; Raymond L. Jennings, American, president Michigan Fire Underwriters Assn., and Grant Moore, Port Huron, Michigan association vice-president.

A steering committee was named and will meet in the association offices here June 24. It consists of Mr. Olp, chairman; Arthur Rice, Stuart Doty, Mr. Iuppenlatz, Mr. Strong, Mr. Hildebrand and Harold M. Richter.

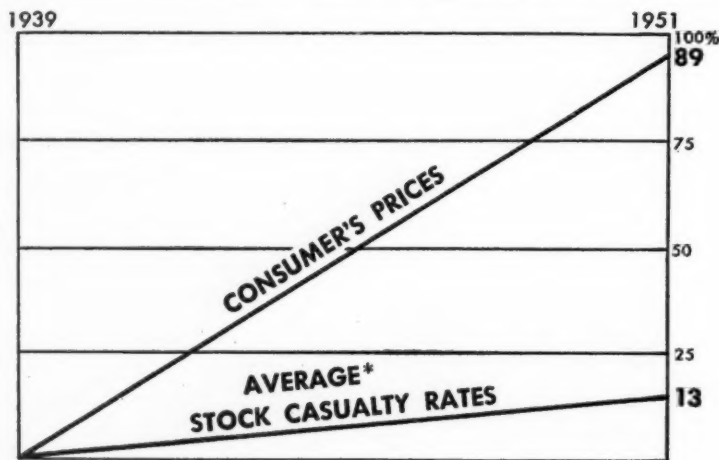
Nagel Heads Ohio Assn. of Casualty & Surety Managers

Ohio Assn. of Casualty & Surety Managers at its annual meeting elected these following officers: B. C. Nagel, Glens Falls Indemnity, president; Clinton L. Templeton, Royal-Liverpool group, and Robert F. Lloyd, Hartford Accident, vice-presidents; Orland W. Ross, U. S. F. & G., treasurer.

Elected to the executive committee were C. A. Reeks, American Surety; Vernon H. Olson, New Amsterdam Casualty; Harry Hupp, U. S. F. & G., and W. P. Jones, Connecticut Indemnity.

T. D. Smith is the new claim manager in New York for General Accident.

Mr. Smith, who succeeds the late A. F. Kleinsmith, formerly was claims manager at Newark.



ARE CASUALTY RATES TOO HIGH?

*Includes Auto B. I. & P. D., General Liability, Workmen's Compensation, Burglary, Plate Glass, Boiler & Machinery



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ZIMMERMAN OFFERS QUERY

Is A. & H. Meeting Needs and Desires of Public?

ASBURY PARK, N. J.—Asking the delegates to the annual convention of International Assn. of A. & H. Underwriters here if the A. & H. business is meeting the needs and desires of the public. Charles J. Zimmerman, managing director of Life Insurance Agency Management Assn., in a challenging address warned that the government is ready to take over where the industry fails. He said he isn't sure whether the A. & H. companies are meeting public needs as to types of policy and extent of coverage.

"Are you taking only the cream of the market?" he asked, wondering if there has been an exclusion of the low income group. He was interested, also, in the problem of providing coverage for severity rather than frequency needs, noting that hospitalization, for example, is easy to sell, but that is not the coverage that most people need. "Are you taking the easy, rather than the right way?" he queried.

Frank Discussion of Commissions

Mr. Zimmerman was frank in his discussion of commissions, declaring that the companies can't give the public a fair ratio in claims when they are paying 35 to 40% a year to put and keep the business on the books. The public may not now be getting a "fair shake" in its return on the premium dollar, he said, commenting that \$1 paid back for \$2 received is an unsound condition and "must be corrected."

Agents' compensation may not be equitable and adequate and a "more equitable" program may have to be set up, he suggested. "If the agent receives more than he earns, the policyholder receives less than he deserves," Mr. Zimmerman remarked.

Throughout his address, Mr. Zimmerman stressed that any motivation for change will have to come from the field, stating that in his life insurance experience nearly all changes have come from the agents up and not from the home office down.

Producers Have Responsibility

The producers have the responsibility to inform their companies of the needs and wants of the public, and the further responsibility of telling the public about A. & H. insurance—how it operates and the philosophy of the business, he continued. Other duties of the producers he listed as: Selection of qualified prospects, rendering of proper service, and proving essential protection. Essential protection he defined as selling the great majority of people the necessary coverage at a price they can afford to pay.

There is a need, if this is to be accomplished, to educate the public, the doctors, the hospitals and the insurance companies as to their responsibilities, he said. He urged the agents to subordinate their interests to those of the public, even though at times these interests may appear to be contrary, commenting that in the long run the interests of the public and the agents are the same.

Mr. Zimmerman, taking as his premise that the eventual survival of any business depends on the needs and desires of the public and the extent to which the product meets those needs and desires, offered some comments on the A. & H. business in the present economy.

Touching only briefly on his observations during his recent trip to Europe, Mr. Zimmerman mentioned that the career insurance man is hard to find there, whereas the part-timer is the exception in this country. That accounts for the amount of selling done in the United States, he said, adding that the agency system is "the best there is."

In countries where private insurance

has done the poorest job, government programs have grown the largest, he declared. Insurance has a job to do, not only in the public interest, but in its own self-interest.

He offered as possibly the best method to further the cause of private insurance the idea of an economy based primarily on individual coverage, aided by mass, or group. The agency system, he opined, will be judged by the extent it brings the coverage about, and additionally by the depth of that coverage.

Backed Away from Problem

In the 1930's when losses were high, especially on non-cancellable, the companies "did what they had no right to do," Mr. Zimmerman declared they backed away from the problem instead of facing it and attempting to find some solution. The business as a whole cannot refuse to deal with problems, he asserted.

He stressed the gain in the life company ranks in the recognition of the importance of A. & H. insurance. More and more companies have entered the field, although in the last few months a few companies have decided, at least as a temporary measure, not to go into A. & H. This decision to stay out is a free choice for the individual companies, he remarked, but it is not a free choice for the institution of life insurance.

The gain in longevity has reduced the fear of death for younger persons, and now their prime worry is disability, Mr. Zimmerman stated. There is a great need for medical care and an even greater expense in providing it. The life companies realize they must offer A. & H. as part of the personal insurance program, he went on, and only a few insurers have gone into the field for a "fast buck" or to step up commissions by avoiding section 213 of the New York law. The government, he averred, should not enter a field in which the people can provide for themselves.

Conn. Agents Can't Charge Assigned Risk Fee

Commissioner Allyn of Connecticut has answered in the negative an inquiry from Connecticut Assn. of Insurance Agents whether it is permissible for agents to charge a service fee in connection with obtaining auto policies through the assigned risk plan. Mr. Allyn states he is now making a definite ruling that no such fees are permitted on the theory that this would violate the spirit and intent of the rating laws and would be against the public's interest. The question comes up at this time because the new safety responsibility law becomes effective in Connecticut July 1.

Doctors Oppose Insurer Payments to VA Hospitals

At the annual meeting of American Medical Assn. in Chicago the house of delegates passed a resolution expressing disapproval of acceptance by VA hospitals of benefits from commercial insurance companies for patients with non-service connected disabilities. The resolution stated that such practice places the government hospitals and doctors in direct competition with the local hospital and medical facilities. It termed the practice both competitively unfair to the local agencies and detrimental to the service of both agencies.

New Md. Cas. Office in Newark

Maryland Casualty has opened a new Newark office in the Commerce Court building, 10 Commerce Court.



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**OTHERS LOOK TO US FOR
INNOVATIONS IN THE INDUSTRY**

Says Hotel Liability Lines in Doldrums, Need Rate Hikes

ALEXANDRIA BAY, N. Y.—Adverse experience of companies writing general liability insurance for hotels indicates the need for rate revisions for these lines, Richard H. Elliott, assistant manager of the general liability division of the National Bureau of Casualty Underwriters, stated at a meeting here of New York Hotel Assn.

During 1950, stock companies licensed to write casualty insurance in New York suffered an aggregate underwriting loss for all bodily injury and property damage liability and collision insurance, other than automobile, of approximately \$11 million, he said, pointing out that this business cost the companies \$105 in claim costs and expenses for every \$100 of premiums received. In 1951, aggregate underwriting loss was \$18 million for these lines, he said, costing the companies \$108 for every \$100 of premiums received.

The principal reason for the rise in claim costs is the inflationary spiral, with higher jury verdicts, higher claim settlements and increased claim frequency important factors, Mr. Elliott said. Reduction of the number and severity of accidents through effective and well-organized safety programs is one way to meet rising insurance costs, he said.

Hollywood Agents Elect

Hollywood (Cal.) Assn. of Insurance Agents has elected these officers: President, William Kent; vice-president, William Watts, secretary, James Lindsay.

Oregon Assigned Risk Plan May Adopt Second Title To Handle Voluntary Risks

The Oregon automobile assigned risk plan is considering the use of a second title to describe the organization as respects the handling of voluntary risks.

Addressing the annual meeting at Portland, Arthur M. Eppstein, president of Oregon Automobile, said it was repeatedly coming to his attention that parents of youthful drivers and also overage drivers who find it necessary to apply to the plan, object to being classed with those drivers who have conviction records. Mr. Eppstein said he considered the matter very important and urgent. He said the very name, "Oregon automobile assigned risk plan," suggests a "stigma" to almost 70% of the applicants. A motion was adopted, at his suggestion, that the governing committee be appointed as a separate committee to consider the selection of a second title to be used by the plan for voluntary risks and submit its recommendation to the subscribers—the name "Oregon automobile assigned risk plan" to be continued for the use of those who apply because of conviction records.

Elected to serve on the governing committee were George J. Campbell, Fireman's Fund Indemnity; R. W. Reppert, Rainier National; J. L. Parkinson, Employers Mutual Liability; Myron E. Smith, State Farm Mutual; James M. Smith, Farmers. The committee elected Mr. Parkinson chairman.

Fete Roe on Retirement

Louis A. Roe who is retiring as burglary and plate glass superintendent in the New England department of Employers group, is being honored by friends at a dinner June 19 at Boston. After June 24 Mr. Roe will be associated with his son, Frederick W. Roe, in the general insurance business at Boston.

Speakers at the dinner include Edward A. Larner, chief executive of Employers group, and John F. Mulhern, New England manager.

Mr. Roe joined Employers Liability in 1912 and has served in his present position since 1930.

Fla. Self-Insurer Setup

Corporate Group Service, Inc., is a newly established self-insurers workmen's compensation service organization setup in Florida. The headquarters are in the Rutland building at Orlando. It is a subsidiary of Corporate Service, Inc., of Detroit, of which Frank A. Morrison is the president. He has been in this business about 15 years and was formerly secretary of Chrysler Corp. He is head of Detroit Safety Council.

M. W. Shephard Promoted

Merrell W. Shephard has been made manager of the fire and marine department at San Francisco for Standard Accident. He was previously located at the Detroit branch.

E. S. Cunningham, who has represented Standard Accident at Los Angeles, has assumed supervision of Planet affairs in southern California in addition to his other duties. He will be assisted by Maurice D. Worthington, who has been made field representative for Planet in addition to his duties as field auditor for the southern California territory of the group.

Plan for Ore. Convention

Marshall R. Brown, convention chairman of Oregon Assn. of Insurance Agents, is mapping plans for the annual meeting at Portland Sept. 8-9. Sept. 8 will be devoted to a full day of general sessions.

Tentatively, it is planned to have Dr. Marlin K. Strasser, San Francisco, field representative of Assn. of Casualty & Surety Companies, discuss the automobile traffic safety problem. A panel on

valued use and occupancy insurance, with Calvin Souther as a participant, is also planned. Mr. Souther appeared at the Oregon convention two years ago. An effort is being made to secure James C. O'Connor, executive editor of the F. C. & S. Bulletins.

The morning of September 9 a closed business meeting will be held. That afternoon will be given over to outside activities, including golf and possibly a boat excursion for non-golfers. The banquet will wind up the convention that evening.

Kent to Philadelphia Post for Toensmeier

James F. Kent has been appointed claim supervisor of the Philadelphia office of Toensmeier Adjustment Service. He has been at the York office of this organization for the last three years. He is a man with 25 years' experience in the claim field, including service with Loyalty group, Fidelity & Casualty and as Philadelphia manager for the Market Service.

Maryland Agents Meet

The annual meeting of Maryland Assn. of Insurance Agents is under way this week at Ocean City. There was a directors' meeting Wednesday evening and a membership business meeting the next morning. Thursday afternoon there was an educational clinic on "Appraisals and Underinsurance" and "Automobile Insurance Problems." The banquet came that evening and Friday morning there is an educational clinic in charge of Charles H. Cover and Charles T. Oliver.

F. Addison Fowler will take charge of a panel discussion on meeting competition and speakers will be Philip Richebourg, H. Walter Jones, Daniel A. Ford, Jr., and T. H. Erbe. F. John Barclay, chairman of Maryland Fire Underwriters Rating Assn., is addressing the luncheon Friday which will wind up the meeting.

Increase Flint City Line

FLINT, MICH.—Finance committee of the Flint city commission has approved placing \$3,927,800 coverage on municipal buildings other than property at the city hog farm.

The valuation was fixed by Flint Assn. of Insurance Agents after a year-long study of the city's requirements. The coverage is to be placed on an 80% co-insurance basis, with premiums amounting to \$11,484 for fire and extended coverage. This contract replaces policies aggregating only \$394,500 in protection.

The association will place the business and will devote all commissions, it was agreed, to public improvement projects, such as fire and accident prevention activities.

Lyle Adjustment Changes

Paul Johnson, who was formerly manager of General Adjustment Bureau at Las Vegas, Nev., has become manager of fire and allied departments at the head office of Lyle Adjustment Co. at Phoenix, Ariz., and he will supervise all of the fire insurance work in the Arizona division.

Phil Jackson, who has been staff adjuster at Phoenix, is appointed manager at Yuma, Ariz.

Stanley S. Russell, former Yuma manager, is now staff adjuster at Tucson and Lindsley I. Turner has been transferred from Tucson to El Paso, Tex., as staff adjuster.

Charge Agent Embezzler

DUNN, N. C.—A warrant charging C. G. Fields, Angier local agent, with embezzling more than \$5,000 from American has been sworn out by R. S. Boone, deputy insurance commissioner. The warrant charges Fields with misappropriating money collected in premiums.



Working For You

When you need assistance in servicing a risk, in planning a campaign, or in solving some other agency problem, you can depend on your Zurich-American field man to help you. He is working for you—ready to put his training and experience at your disposal.



Take advantage of his services. By working together you can develop a sound long-range program that will increase the efficiency and promote the prosperity of your agency.

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Experts Advise on Trial Tactics

The forum on trial tactics presented at International Assn. of Insurance Counsel's annual convention at Lake Placid, N. Y., offered a great deal of sterling advice from capable attorneys.

L. H. Vogel of Vogel & Bunge of Chicago discussed the preparation of witnesses for trial. The character of his presentation is indicated by his subtitle, "Horse-Shedding the Witnesses." Despite efforts of social service workers to make every man his own lawyer, Mr. Vogel believes no lawyer embarking upon the uncertain sea of litigation is worthy of his salt unless prior to trial he personally interviews and observes the witnesses whom he will be required to use. It may even be necessary to suggest a little change in dress, since an overdressed, bejeweled witness is as dangerous to the cause of a litigant as a slovenly, unkept one.

Variation in Witnesses

Witnesses seldom are intelligent, straight forward persons who can, in a restrained and frank manner, tell a connected and logical story of what they know, he pointed out. The personalities run from the arrogant, cock-sure individual to the timid Tillie who under the slightest stress forgets his own name. Trial counsel has the job of remodeling to some extent the personalities of such witnesses.

Most witnesses are appearing in court for the first time, hence it is advisable fully to explain the procedure to be expected in the trial of the case, in some detail. He warned against the witness who asks questions during examination, which gives the impression of an untruthful witness. Witnesses need to be tested for their recollection. He warned against stereotype questions and answers prepared in advance and rehearsed to letter perfection. Some witnesses require extended treatment before an idea soaks in.

In some states the fact of insurance in casualty cases is not permitted to be shown. If the fact is designedly put in evidence, it constitutes reversible error. However, if the fact of insurance inadvertently creeps in the evidence, it is generally held not to be error. Witnesses who know that an insurer is defending the case should be told the law will not permit the plaintiff's attorney to ask such a question, but if it is asked, he should permit the attorney an opportunity to object. Such a witness should be warned against the inadvertent injection of insurance in testimony. Frequently an unwary witness will be asked on cross-examination if he did or did not talk with someone shortly after the accident and if so who that person was. Unless he has been warned in advance, he is apt to say he talked to the man from the defendant's insurance company.

Mr. Vogel noted that more cases are lost by over trying than by under trying them and a bad witness, particularly for a defendant, may undo the favorable testimony of any number of good witnesses. The trial should be concluded with a strong witness, as it is the last witness who is most likely to be remembered by the jury in detail.

"Having done all of the things suggested and in addition followed your own techniques in the preparation of witnesses for trial, having spent endless hours in covering the facts separately with each witness, you will go into court in a case involving a herniated nucleus pulposus between the fourth and fifth lumbar vertebrae, produce your evidence, pray during all of the trial, and in the end some upstart NACCA attorney will take you for \$100,000."

Learn to Use Medical Evidence

In these days of the depreciated dollar and the inflationary spiral, lawyers representing insurers are faced with larger and larger jury verdicts and

personal injury suits and of course are confronted with the necessity of doing everything possible to minimize such verdicts. Lamar Cecil, Beaumont, Texas, commented in discussing the preparation and presentation of medical evidence.

He noted the concerted and intensive activity of National Assn. of Claimant's Compensation Attorneys and similar organizations. The leaders have been pioneers in the field of demonstrative evidence and many of the extremely large verdicts in the last several years have been due in part to their successful use of this procedure. Consequently, defense attorneys should be at least as interested in learning all they can about proper trial techniques and in using every legitimate means possible to minimize excessive damage verdicts if they cannot be defeated altogether.

The medical is one field in which they can become proficient and do a great deal toward defeating the efforts of lawyers who through the use of adroit examination, demonstrative evidence, and willing medical witnesses operate on the theory that a case is not worth what it actually is, but should be evaluated upon the basis of what an unlettered and sympathetic jury may be led to believe it is worth.

The examination of medical witnesses in any case is a difficult task because it requires of the lawyer considerable knowledge of a subject which is not his specialty and of which he is certain to know less than the physician being examined. Patient study and hard work will, however, in many cases greatly repay the trial lawyer and in any event should earn him the respect of the testifying doctors. It undoubtedly will make them more careful in their statements the next time they encounter him in the courtroom.

Wayne Stichter of Toledo discussed cross-examination of witnesses in a masterly fashion and in considerable detail.

Mich. Tests in More Towns

LANSING, MICH.—The Michigan department has arranged for a schedule of license qualifying examinations in Detroit and eight other cities in the northern part of the state as a convenience to applicants. Both fire and casualty and A. & H. tests are being given in these communities, every other Saturday.

The cities besides Detroit included in the schedule are: Alpena, Escanaba, Gaylord, Houghton, Ironwood, Marquette, Sault St. Marie and Traverse. The lower peninsula is served at the department offices here.

Choose Hyatt President

New England 1752 Club at its annual outing at West Boylston, Mass., elected M. Eugene Hyatt, Middlesex Mutual, president to succeed Edward W. Weeks, Fitchburg Mutual.

Herbert Woods, Lumbermen's Mutual Casualty, was named vice-president and Robert G. Pyne, Shelby Mutual Casualty, was reelected secretary. Richard G. Hartigan, Worcester Mutual, was elected treasurer.

R. B. Davis Va. Chairman

R. B. Davis, secretary of Northern Assurance, has been elected chairman and Joseph T. Malone, secretary of Travelers, vice-chairman of the governing committee of Virginia Insurance Rating Bureau. Hunter Van Lear of Home has been appointed chairman of the executive committee and Guy R. Friddell of Hartford Fire, vice-chairman. L. O. Freeman, Jr., is the manager.

Olsen With Buffalo Firm

Arthur O. Olsen, Jr., has just been made vice-president of Freedman, Olsen & Scott Co., Inc., surplus and excess line brokers in Buffalo. Mr. Olsen was formerly with Lumley, Dennant, Inc., in New York City.



HERE GOES ONE OF YOUR BEST CLIENTS

He's starting off, with his family, on the annual summer vacation.

You can tell—by the happy, relaxed look on his face—that he has assured full benefit from his vacation by leaving all worries behind.

This means that you have covered him with the three categories of insurance which no vacationer can afford to be without: (1) Residence & Outside Theft; (2) Comprehensive Personal Liability; (3) if the trip is to be made by automobile, Full Coverage Automobile Insurance.

Now's the time to contact all your clients who may be going on vacation. In the hustle and bustle of preparation, the extra hazards involved are likely to be overlooked. You can be of helpful service in this connection. Your suggestions will be appreciated and extra business for you is extremely likely to result.

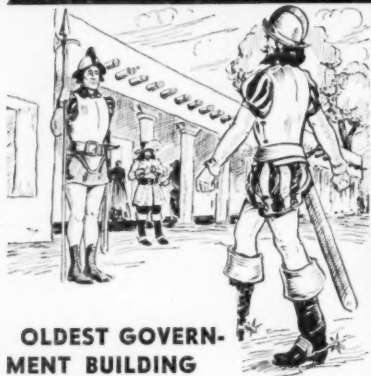
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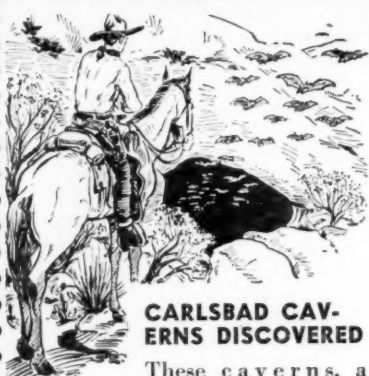
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HIGH SPOTS IN HISTORY 39: NEW MEXICO



OLDEST GOVERNMENT BUILDING

The Palace of the Governors, built in Santa Fe in 1610, is the oldest government building in America.



CARLSBAD CAVERNS DISCOVERED

These caverns, a great natural wonder, were discovered in 1901. A cowboy found them when he saw a great number of bats coming out of an opening in the ground.

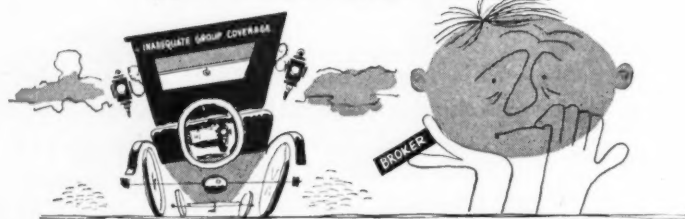
ALWAYS A HIGH SPOT . . .

. . . to every agent is when he joins Hawkeye-Security & Industrial. These agents know every service is provided to help them step up production . . . providing service without red tape . . . prompt, equitable settlement of claims . . . and home office representatives always at their service.

HAWKEYE-SECURITY INSURANCE CO.
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Time to Trade In?



If you want to win profits and influence clients, you'd better trade-in "jalopy" group coverage for a smooth streamlined plan. Group plans that are out-of-date in view of increased costs of sickness, accident and hospitalization bring you little but headaches and dissatisfied clients. It's well worth while to make sure you're familiar with Mutual of Omaha's streamlined employee group plans.

ALSO—

Increase your service, reputation, and profits. Mutual's Group coverages are written with a realistic eye on today's higher costs. Mutual of Omaha's Group Division offers you valuable service in these ways:

YOU WANT STRENGTH

Mutual of Omaha is the largest exclusive health and accident company in the world. Over two million policyowners are now protected individually with Mutual of Omaha, which has paid more than \$424,000,000 in claims.

YOU WANT SPECIALIZATION

Mutual of Omaha sets the pace in the health and accident field. It writes ONLY health and accident, hospital, surgical and related risks.

YOU WANT COMMISSIONS PROTECTED

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High Verdict Trend Real Danger to Auto Insurance

The trend toward high verdicts and what to do about it were thoroughly explored at the convention of International Assn. of Insurance Counsel at Lake Placid, N. Y. Rupert G. Morse, vice-president of Employers Reinsurance, told the reinsurer's viewpoint; Lester P. Dodd of Detroit that of trial attorneys, and Forrest A. Betts of Los Angeles, the arguments against large verdicts. The insurer's view, by Gordon H. Snow of Pacific Indemnity, is treated in another story.

A. L. Kirkpatrick, manager insurance department of U. S. Chamber of Commerce, indirectly touched on the same theme when he declared that casualty insurers are being outflanked on the automobile indemnity front. Insurers have done an excellent job in the technical conduct of their business and in public traffic safety education but have neglected defense against the effects of inflation on claim costs.

Insurance Maginot Line

Their great financial strength, skillful underwriting and claim techniques and public safety education constitute a Maginot line that is being outflanked by inflation. He urged insurers to join other business men in the C. of C. to combat inflationary trends.

Both Mr. Morse and Mr. Dodd paid tribute to the brains and skill of the modern plaintiff's attorney. Both indicated belief that only brains and skill by the defense would offset the high verdict trend.

The character of injuries are so varied that no one formula can be set down as an argument against such verdicts, Mr. Betts said. The ingenuity of experience, together with the resourcefulness of individual counsel in each case must determine what the argument is to be. The first thing to be determined is whether there should be any argument at all, for it is common knowledge that very often a strong defense case is weakened by an argument directed to the issue of injuries and damages.

Settlements Up Also

It is apparent that more and more education is being given to those trying plaintiffs' cases by those who are supposedly experts in that field. The purpose of this, as expressed by the so-called experts, is to increase not alone the amounts of the verdicts, but the amounts of the settlements. It is common knowledge that as the verdicts go up and up, the settlements, which insurers make to avoid the vagaries of trial, likewise go up, Mr. Betts said.

There are some cases where large verdicts cannot be avoided. The issue of liability being clear, the extent of the injuries may approach the point of being appalling. If these two elements are coupled with a defendant of known great financial responsibility — and if such cases cannot be settled — they are bound to result in large verdicts. Occasionally they must be tried.

The public at large should be advised and continually educated that it is that pays the penalty of large verdicts. If the trend upward is to continue, it should be done with open eyes on the part of the jurors who are taking a part in it.

Some plaintiffs' attorneys who are parties to the large verdict fetish may object to the dissemination of this information. That, however, should not deter insurers from advising their policyholders, and the public at large, that the money for the insurance payments comes out of the pocketbooks of the insurance policyholders. Insurers are on the verge of taking that attitude toward increased premiums which has been taken by other large financial institutions in announcing their stand to the public on matters of public importance, Mr. Betts believes.

Since 1946 casualty reinsurers in the

U. S. have sustained an underwriting loss of more than \$50 million on liability and workmen's compensation lines, Mr. Morse said. The 1951 figures were the worst of all. About 85% of this underwriting loss was in liability lines and 15% in workmen's compensation.

Sensational NACCA Tactics

Inflation is partly to blame, but a new and dangerous trend is the excessively high jury verdict aided and abetted by the sensational tactics of National Assn. of Claimant's Compensation Attorneys, he declared.

Mr. Morse said he had talked recently with the representative of a French reinsurer who remarked that Americans think they have a corner on everything including inflation; it is actually world wide.

The effect of inflation on the reinsurer is of course to increase his share of loss considerably more percentage-wise than the gross loss. He gave an illustration which produced a 25% increase in gross loss that resulted in a 100% increase in the loss cost to the excess insurer. He urged attorneys to make every effort wherever possible to help decrease automobile injuries and deaths.

In workmen's compensation the tendency now is to have unlimited medical in practically all states. Unless primary insurers' retentions are raised along with these and other W.C. benefits, the axe falls upon excess insurers.

But the problem of the high verdict is a grave one, arising as it does out of the greater experience and ability of plaintiff lawyers today and the sensational methods they are promoting into a science to secure high jury verdicts.

Demonstrative Evidence

Mr. Morse said he attended the NACCA convention in San Francisco in 1951 and was amazed at the excellent quality of the program, the manner in which the committees functioned and the generally greased wheels of the convention, which lasted seven days. The principal theme was demonstrative evidence. Able lawyers and doctors from all parts of the country and many medico-legal subjects were clearly presented and discussed. Use of medico-legal knowledge in jury trials was stressed.

He noted that leaders of NACCA have traveled throughout the country addressing bar meetings and holding clinics at large universities. Consequently, attorneys from rural communities and smaller towns all over the country are being presented the tools with which to secure high verdicts in their courts. Their asking prices on damage suits increase immediately after hearing these presentations, and the theme of higher verdicts has reached to the grass roots.

The movement is now on to organize state associations of NACCA. That completed, county and city organizations will be set up and practically all attorneys specializing in tort litigation for the plaintiff will have access to the NACCA law journal and data from the national office.

Real Threat to Auto Insurance

NACCA is here to stay, Mr. Morse opined. It has able men at the helm and is one of the real threats to the automobile insurance business. Insurers must organize, defense attorneys must find ways to combat NACCA and its methods.

Dr. H. W. Smith of Tulane University holds several medical legal clinics each year in different sections of the country. The most important of these is the one in New Orleans in February. NACCA is getting many of its ideas from Dr. Smith's clinics. Mr. Morse thinks that defense lawyers can profit in the same degree by attending these clinics. He said that his company had

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recommended to the claim departments of its treaty holders that each company assign at least one man to attend the clinics held by Dr. Smith and all the meetings of NACCA open to the public.

The casualty insurance business has changed more in the last two years than in any previous 10 years, he declared. NACCA's technique of demonstrative evidence is largely responsible. Today the tools of the damage suit lawyer include blackboards, colored chalk, artificial limbs, neurological skeletons, colored plastic torsos and every other part of the human body.

View of Trial Lawyer

To the extent that the trend toward high verdicts is part of a general inflationary movement, Mr. Dodd doesn't think trial lawyers can expect to reverse it except as the general trend itself is reversed. There is little trial lawyers as such can do in this field, though there is much that they can do as individual citizens and voters.

To the extent that the trend toward high verdicts is unassociated with the general trend, its reversal calls for increased — not diminished — confidence between lawyer and client. It calls for more selectivity in the trial of cases, with more responsibility for selection placed upon the lawyer. It calls for better settlement practices. It calls for more liberality in the hiring of lawyers and investigators, not for retrenchment and economy.

On the part of the trial lawyer it calls for a firm adherence to fundamentals and not the fads in trial techniques. It calls for increased use of modern practices which if used to advantage will take much of the guesswork out of what at best is a precarious business.

Can't Win With Cut Rates

Mr. Dodd stressed that the modern trend toward high verdicts is not going to be reversed by the application of a company policy to hire cut-rate lawyers or indulge in cut-rate investigations. In increasing numbers good defense lawyers are deserting the defense side of the table for the plaintiff's side. The economy approach cannot be expected to reverse a trend toward high verdicts. The cut-rate lawyer is not the answer to the trend.

When and if the time comes that litigation shall have been priced out of the market, the days of a free and competitive insurance market will have passed. When companies can no longer afford to litigate, they can no longer afford to insure, except possibly upon a basis of compensation without fault. There was never a time when insurers could better afford to litigate — in selected cases, and he emphasized the selection. He also emphasized avoidance of overtrial by attorneys and urged increased use of pre-trial and discovery practices.

Central Mutual Names Two

Central Mutual has named Nolan Stuckey, who has been in the underwriting department at the Los Angeles office, and Robert Zeches, formerly of the Finn, Smith & Medcraft general agency, as special agents in Los Angeles county.

S. C. Roper, special agent, now will handle Riverside, San Bernardino, Orange and San Diego Counties.

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Miami Board Is Rebuffed on School Cover Plan

MIAMI—Greater Miami Insurance Board's proposal to establish a safety program in the schools in return for handing school insurance was rejected at a meeting of its representatives with the school board. Angus Graham, school board chairman, is quoted as saying the G.M.I.B. proposal is now a dead issue.

According to Jess L. Turner, president of G.M.I.B. and member of its school insurance committee for 11 years, all school board business has been handled by Stillson Brannen since June 1, 1951. He said that while the insurance board was handling the business the longest delay in settling a claim was one period of 2½ months, but that most claims were settled in 45 days. He recalled that at one time the insurance board borrowed \$10,000 to repair a school in order that it might open on time.

Mr. Turner has asked the school board for evidence that all school property has been covered by insurance, but says he has not as yet received this information. He states he feels G.M.I.B. has a duty to the tax-payers to follow up on the matter.

Mote Heads New Insurer

Public Service Ins. Co., Fort Wayne, Ind., recently organized to write auto insurance, has elected Donald R. Mote of North Manchester as president; M. M. Hathaway, New Haven, first vice-president; Cecil Lockwood, Bluffton, second vice-president; R. T. McKune, who has been a stock salesman of Fort Wayne, secretary; and Hugh Kennerk, Fort Wayne, treasurer. The last named is an attorney.

The company is located in the Fort Wayne Bank building. It is just getting ready to write business. It had \$100,000 capital and \$90,287 net surplus as of last Jan. 26.

Aetna Companies Milestone

Aetna Life, parent company of Aetna Casualty and Surety, Automobile Insurance, and Standard Fire, marked its 100th year recently. Formal observance of the centennial will be held next year.

Tenn. W. C. Rates Cut 3.1%

NASHVILLE—Commissioner Allen has announced approval of 3.1% average reduction under manual rates on workmen's compensation in Tennessee, total reductions being estimated at \$300,000 annually. The new rates are effective July 1.

OK Va. 'Comp' Hike of 20.6%

Virginia corporation commission has granted a 20.6% overall increase in workmen's compensation rates. Workmen's Compensation Inspection Rating Bureau had asked for an overall increase of 22.1% in rates because of increases in benefits made by the last legislature and including also 1.5% profit.

Virginia Manufacturers Assn. had argued that a hike of 7.6% would be adequate.

Put Glass on I. & B. Form

A panel discussion before Cincinnati Fire Underwriters Assn. aired views of the new improvements and betterments form under the leadership of A. J. Lenke. F. R. Middaugh, Ohio Inspection Bureau, explained the new form. Max Bernstein presented the agent's point of view, and J. J. Conway, Western Adjustment, outlined possible adjusting problems.

R. G. Myers, representing Cincinnati Assn. of A. & H. Underwriters, enlisted

the support of the local board in safety activities of his organization.

Braun Heads Flint Agents

Philip Jackson Braun, partner with his father, Phil J. Braun, former president Michigan association, in the Braun & Braun agency, has been elected president of Flint Assn. of Fire & Casualty Agents. He succeeds E. Stanley James. Gordon Dow, now in military service, who is due to return to civilian life Oct. 1, was named vice-president and Kenneth Stacey, secretary.

Lining up Texas Mutuals

Floyd Herring, director of mutual assessment companies of the Texas department, states that about 30 of the county mutuals which write fire insurance have been relicensed. Three or four have indicated dissolution while most of the other 51 that were operating are in process of meeting the requirements set up by the Texas board for their continued operation.

The agency of E. D. Bird, St. Joseph, Mo., who died in April, has been purchased by C. Nelson Hillix, who is continuing the business under the old name.

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CHANGES IN CASUALTY FIELD

Doenges V.P. and Bonding Chief of American Auto

Fred H. Doenges has been named vice-president of American Automobile and will assume executive direction of country-wide operations in bond, burglary and glass underwriting. L. Gordon Davis, as assistant vice-president, will continue in his position of direct supervisory responsibility in the department.

Mr. Doenges is a native of Saint Louis, and his entire career has been in the surety bond business. In 1926, after attaining the post of assistant manager of American Surety at Saint Louis, he accepted a similar position there for Fidelity & Deposit. In 1929, he became branch manager, and in 1948 was elected vice-president.

Mr. Doenges is a past president of both Surety Underwriters Assn. and Casualty & Surety Underwriters Assn. of Saint Louis. He has served as treasurer of Chamber of Commerce of Metropolitan Saint Louis, and is presently a member of the executive committee and board. He is a director of Key Boiler Equipment Co. of East Saint Louis, and is on the board of Saint Louis Council of World Affairs. He is a vice-president and board member of St. Luke's Episcopal-Presbyterian Hos-

pital, and is chairman of the building committee, directing a 2½ million construction project now under way. He is an elder and trustee of Second Presbyterian Church.

F. & D. Raises W. G. Risdon, Merrill, Slaiter on Coast

Fidelity & Deposit has made three promotions at San Francisco and Oakland. William G. Risdon, assistant manager at San Francisco, has been advanced to associate manager there. He succeeded as assistant manager by A. Philip Merrill, manager at Oakland. Donald R. Slaiter, Oakland special agent, becomes manager there.

Mr. Risdon has been with the company since 1936, serving at Los Angeles and Seattle before going to San Francisco in 1944, where he became assistant manager in 1949.

Mr. Merrill joined the company in 1939, and was at San Francisco before being made Oakland manager in 1948. He is a navy veteran.

Mr. Slaiter, who has been with the company since 1949, spent one year at the San Francisco office before going to Oakland as special agent.

Devlin Gets Field Post

James T. Devlin, formerly head underwriter at Westchester, N. Y., for Home Indemnity, has been promoted to special agent with supervision over the Westchester-Staten Island field.

Mr. Devlin has been with the company about a year. Before that he was with General Accident and Central Surety.

State Farm Promotions

G. E. Mecherle, formerly secretary of State Farm Mutual Automobile, has

now been elected vice-president and secretary. H. L. Mecherle, superintendent of commissions, becomes vice-president as does Thomas C. Morrill, director of research. Sumner Roberts, Texas manager at Dallas, was elected resident vice-president.

W. H. Mecherle and Edward B. Rust were elected directors. A. W. Tompkins was elected a director of State Farm Fire & Casualty.

At the annual meeting of members it was announced that new business applications were 77% higher in the first four months of this year than in the same period last year. There was a slight decline in accident frequency, but this was more than offset by higher average cost per claim.

Humphreys Gets New Amsterdam

Thomas V. Humphreys general agency of Los Angeles has been named general agent for New Amsterdam Casualty.

Douglas M. Leybourne, former special agent of Indemnity of North America at Grand Rapids, has been named casualty manager for the McNiff-Seider agency, Muskegon, Mich.

ACCIDENT

A. & H. Bureau Issues Survey of Hospital Expense Cover

A Bureau of A. & H. Underwriters survey on hospital expense insurance, prepared by a subcommittee of which the chairman is Robert W. Carey, New York Life, shows details of coverage in such policies of 61 insurers, out of 101 questionnaires.

Most companies offer the usual daily hospital benefit and surgical coverages but only 23 provide nurse benefits and 35 offer doctor's or physician's coverage. Many offer a maximum limit of \$15 daily hospital benefit and 26 show \$300 as surgical expense limit. Maximum hospital confinement most often offered is 90 days, with 19 companies surveyed indicating this limit.

Age limits for new business are shown, with ages at which companies increase premiums on renewal. Special attention is paid ages at which an automatic reduction in benefits is made on renewal. The majority of companies today are not increasing premiums on renewals; 42 companies said they do not increase premiums on renewals while 16 companies ask for a higher premium at various ages.

The premium figures show a steady increase from 1947 to 1951. So do loss ratios, with 1950 to 1951 being approximately 5% higher than the preceding three years for the companies reporting on an earned premium-incurred loss basis.

Standard L. & A. of Okla. Men Win Higher Posts

Election of Jack D. Oliver as a director and his appointment as secretary of the company, is announced by Standard Life & Accident of Oklahoma City. Since 1939 he had been chief examiner for the Oklahoma insurance department, resigning recently to join Standard.

President of Standard is Leonard H. Savage.

James M. Fitzgibbon has been named agency director for the A. & H. department, and Frank M. McKiernan, agency director for the life department.

Standard L. & A. in New Home

Standard Life & Accident of Oklahoma City has moved into its new home at 421 Northwest 13th street. The old Colcord home, one of the historic mansions of the city, was purchased several months ago and remodeled to fit the company's requirements of such an institution. Standard L. & A. was the first to start writing hospitalization in-

surance in Oklahoma in 1929 and in 1948 extended its field to include life and accident. Originally it operated only in Oklahoma but now is licensed in Texas, Arkansas, Louisiana, New Mexico and Arizona.

Mutual Benefit Has 5-Year, Paid-up "Graduation" Policy

A new five year, paid up A. & H. and hospitalization policy is being issued by Mutual Benefit H. & A. The policy, which has been launched as a "graduation present," is limited to ages 16-30 and premiums are payable in advance. It also can be written for from one to four years. It is tailored to fit individual needs, and can be developed from the company's "package policy" plan. Premium ranges from \$100 to \$1,000, according to the coverage desired. When given as a graduation present, a special graduation honorarium certificate accompanies the policy. Later it will be sold as a suggested birthday, Christmas or anniversary gift.

It was suggested by Dr. C. W. Mayo of the Mayo Clinic, a director of Mutual Benefit H. & A., who wanted such a policy as a graduation present to his son, graduating from college this year.

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Main Host

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Maine Bonding Host to Agents

Maine Bonding & Casualty had about 100 agents and guests at its annual meeting at Portland. There was a session in the morning at the home office, arranged for the purpose by temporarily moving out desks and arranging chairs in the space. Lunch was served in the office and there was a social hour, dinner and entertainment at Portland Country Club. Agents and guests had their choice of several afternoon features, including golf, and a large number were guests of President R. A. Bramhall on a chartered steamer ride on Casco Bay.

Mr. Bramhall gave the annual report at the business session, illustrating, with charts, the growth of the company since the present name was adopted in 1939. Writings that year were \$272,000 and in 1951 premiums had risen to \$1,197,000. The company has shown an underwriting profit every year and assets are 100% liquid, Mr. Bramhall reported. Fire insurance was first written in 1943, with premiums of \$14,000 and that line grew to \$183,000 in 1951. W. L. Luce, vice-president, who was in charge of the meeting, said that the company is third in automobile writings in Maine.

Morning Program

H. L. Davis, San Antonio, general agent for Maine Bonding in Texas, was introduced and briefly described his operations. Entry of the company into Texas last year was the first expansion beyond Maine, so there was much interest in Mr. Davis and much optimism about the results of the move. Harry Pope, New Bedford, Mass., gave a humorous discussion of the art of selling which pleased everyone and J. C. O'Connor, Cincinnati, executive editor "Fire, Casualty & Surety Bulletins" of THE NATIONAL UNDERWRITER, discussed current casualty problems, emphasizing the automobile situation.

Commissioner Mahoney headed the list of guests introduced at the dinner. Bows were also taken by R. E. Irish, president Union Mutual Life; A. F. Ernst, insurance department examiner; R. C. Shipley, manager and James Prendergast, assistant manager of the Portland office of National Bureau of Casualty Underwriters; G. B. Slattengren, vice-president of Seaboard Surety, and the officers and directors of the company.

Bert Hedges Designated A. & H. Man of Year

Bert A. Hedges, Wichita, Kansas, manager of Business Men's Assurance, was designated A. & H. insurance "man of the year" and presented the Harold R. Gordon Memorial award at the convention of International Assn. of A. & H. Underwriters Wednesday evening at Asbury Park, N. J. Irving G. Wessman, Loyalty group, Chicago, originator of the award idea, made the presentation, the fourth that has been given. The other designees were E. H. O'Connor, managing director of Insurance Economics Society; V. J. Skutt, president of Mutual Benefit H. & A., and W. E. Leiby, general agent of Massachusetts Indemnity, Los Angeles. All were in attendance at the banquet when Mr. Hedges was honored.

Mr. Hedges has been a tireless worker in behalf of the A. & H. association, and in life insurance activities. He started in the business with Equitable of Iowa at Champaign, Ill., later serving at Decatur, and at Kansas City as agency

supervisor under his brother, Herbert. In 1929 he was appointed director of field service and sales training for B. M. A.. Three years later he became Kansas manager.

Since the A. & H. committee of National Assn. of Life Underwriters was established, Mr. Hedges has been a member and he has played a significant role in the relations between the life and A. & H. agents' organizations. He has been a leader in educational work, having written several textbooks, and is presently chairman of the disability insurance sales course of the International association. He organized Kansas Assn. of A. & H. Underwriters, and the morning of the day he received the Gordon award he was elected vice-president of the International association.

Authoritative Text on Inland Marine Published

Stuart O. MacLean's "Inland Marine Insurance—Loss Principles and Practices," an authoritative and interpretive book dealing with contracts and situations specifically characteristic of inland marine lines has just been published by the National Underwriter Co., 420 East Fourth street, Cincinnati, O. Price of the 200-page book is \$5.

Mr. MacLean has drawn heavily on his legal background and knowledge of the courts in affirming that standardization has been accomplished sufficiently to enable the adjuster and underwriter to proceed with knowledge that precedent can be followed. Analysis of court decisions pertinent to questions in this field had been neglected heretofore.

As the result of his many years in the inland marine department of Western Adjustment, Mr. MacLean has a wealth of practical knowledge of the varied and ticklish problems confronting the adjuster. He has painstakingly outlined the investigating procedures to be followed with each policy discussed; the common pitfalls of which the adjuster must be wary, and practical measures to expedite handling the claim. He has also compiled much valuable information to guide the underwriter in drawing up policies, delineating the many factors to be considered in accepting risks.

The field has been divided into three major classifications: Transportation, personal and legal liability. Under each there is an exhaustive treatment of basic conditions in the contract and a comparison of those and similar conditions in the older ocean cargo policies. Clauses and ramifications of each contract are explained in detail.

For example, the label and machinery clauses of transportation policies, the secondary residence and excluded perils clauses of personal property floaters, and the territorial limits clause of the legal liability form of motor truck cargo insurance are examined not only in the light of what they specifically state, but what is implied. Judicial interpretations of clauses peculiar to the type of contract under consideration are emphasized.

Hemispheric Card Set Up

The program is outlined for the Hemispheric Insurance Conference at the Waldorf Astoria Hotel, New York, Sept. 7-12. Registration takes place July 7, reception and dinner "for official delegates only" July 8.

The first general session will be held Sept. 9, marked by addresses of welcome by John A. Diemand, Laurence F. Lee, president Peninsular Life and president of U. S. Chamber of Commerce, and the mayor of New York, and response by the head of a visiting delegation, also luncheon, with addresses by prominent business executives.

On July 10 discussion groups will meet in separate rooms on fire, marine and transportation, casualty, personal coverage including life, health and accident; fidelity and surety, and general subjects, "including promotion of private

insurance." These will continue next day, followed by a banquet. Toastmaster there will be Mr. Diemand, and addresses are scheduled by the incoming chairman of the chamber's insurance committee, also by Mr. Lee and "an internationally known personage."

Final general sessions Sept. 12 will receive reports and resolutions presented by chairmen of the several discussion groups. After receiving invitations for the fifth hemispheric conference in 1954, and a closing address by the head of a visiting delegation, adjournment is scheduled.

White Plains Project

The two-story modified Georgian style building to contain 26,250 feet of space at 15 North Broadway, White Plains, N. Y., will serve as the new home office of Improved Risk Mutuals. The building is being put up by Sam Minskoff & Sons. It will be leased to I.R.M. for 15 years. I.R.M. occupies temporary quarters at 27 South Broadway, White Plains. It had made arrangements to lease premises in a building to be constructed at 7-13 South Broadway in 1949, but the builder couldn't make the grade.

Invisible Armor..



This registered service mark, adopted by NATIONAL SURETY CORPORATION in 1937, is today recognized by agents everywhere as the hallmark of intelligent, efficient service and fair practice. Agents, realizing the significance of *Invisible Armor*, offer National Surety protection to industry, financial circles, business and homeowners with confidence and assurance of full performance of the contract.

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Buyers Indicate What They Expect of the Agent

A check list for the insurance buyer to determine how much service he is getting or not getting from his agents is published in the Management Review, magazine of American Management Assn., in an article from an operations report by Research Institute of America. The check list is as follows:

Has the agent really familiarized himself with the details of your plant and business so that he knows the hazards

and potential liabilities peculiar to your operations?

Does the agent point out clearly what risks are not covered by each policy so that you are aware of the risks you are assuming?

Has the agent given you instructions to use in filling out claims reports?

Does the agent have some knowledge of accounting and appraisal methods?

Does the agent offer to go over premium and loss figures with you?

Does the agent keep you abreast of new types of coverage as they are made available, particularly new features that can be added to existing policies without cost?

Civic Groups Hear Stewart

Bert Stewart, Jr., field secretary for National Automobile Club, spoke on public relations before civic groups at Hollister, Salinas, Monterey, Santa Cruz and Watsonville, Cal., with local agents presiding in each case.

Dempsey Gets Bridge Line

The W. Rae Dempsey general agency at Baltimore has been named broker of record for the placing of insurance on the \$42 million Chesapeake Bay bridge. W. Rae Dempsey, Jr., vice-president, has been at New York City for three weeks arranging for placement of the physical damage and U. & O. coverages.

St. Johns Agents Elect

Ladd Bartholomew of the Sam Castell agency has been elected president of St. Johns (Mich.) Assn. of Insurance Agents, succeeding Norman Sleight. Vice-president is A. T. Allaby, and secretary, Edgar C. Ryon, Wykaff-Ryon agency.

Aggett Is New President

Georgia-Florida 1752 Club at its annual meeting elected J. Wallace Aggett, Atlantic Mutual, president. Norman House, Central Mutual, is vice-president, and Robert Hall, John Ratterree & Co., secretary.

Glens Falls Advances Two

Glens Falls has appointed Ralph E. Wescott underwriting superintendent and Arba J. Baker chief examiner of the fire underwriting department in the home office.

Mr. Wescott joined Glens Falls in 1920 and served in various positions including fire underwriting. He became manager of the agency department, fire special agent in 1945 for Connecticut and central Massachusetts, and then was in charge of the northern New Jersey field, becoming state agent in 1950.

Mr. Baker joined the fire companies in 1918, served as file clerk and mapper and in the reinsurance department until 1926 when he became fire examiner. In 1938 he became assistant chief fire examiner. In recent years he has in addition to his usual duties been head of the fire cancellation department and in charge of maintaining the library of Sanborn maps.

Reynolds Is Chairman

W. J. Reynolds of Corroon & Reynolds has been elected chairman of the executive committee of New York Fire Insurance Exchange. T. D. Hughes is named vice-chairman of that committee while C. L. Blanchard becomes chairman of the arbitration committee and H. R. Hall, vice-chairman.

Cathay Ins. Co., which has discontinued direct writing, has resigned as a member.

Dinner Honors Tibbets

A dinner was held at Jaffrey, N. H., in honor of Merrick S. Tibbets, claims manager for the A. & H. department of Peerless Casualty, who has been with the company 40 years and will retire at the end of this month.

North America Announces Home Office Promotions

Several executive promotions have been announced by North America.

Russell H. Peteish, formerly fire secretary; F. C. Clement, Jr., formerly automobile secretary; V. I. G. Peterson, formerly foreign secretary; John A. Die-mand, Jr., formerly reinsurance secretary, and Joseph W. Huggins, formerly marine secretary, have been named assistant vice-presidents.

J. Weir Sargent, formerly marine manager of the Philadelphia metropolitan department, has been transferred to the head office and elected assistant secretary. F. W. Koepnick has been named marine manager of the Philadelphia metropolitan department, succeeding Mr. Sargent.

21 Steeplechasers Lost

Fire killed one man and 21 horses when it destroyed half of a large steeplechase barn at the Belmont Park race track, Belmont, L.I. The 84 horses in the barn were all jumpers. A brick fire wall in the center of the building saved about 50 horses, which were led to safety. The dead horses belonged to several trainers and owners, including Mrs. Judy Johnson, Mickey Walsh, Ray G. Woolfe, and Paul Mellon. There were several well known horses among the group. The loss was estimated at \$250,000.

Hartford Livestock has steeplechasers on its prohibited list and hence has no liability here. Presumably Lloyds is the only market for such animals.

Louisiana Passes F.R. Bill

The Louisiana legislature has now passed a modern type of automobile financial responsibility bill. The senate previously passed the measure and in the house the vote was 74 to 3.

N. Y. Committees Named

The New York joint legislative committee on insurance rates and regulation has been named with Sen. Condon of Yonkers again chairman. Other members are Halperin of Queens, and Friedman of Kings, senators, and

Assemblymen MacKenzie of Alleghany, Rabin of Queens, Lupton of Suffolk and Dwyer of Kings. The committee has an appropriation of \$40,000.

Sen. Halpern again heads the joint committee on motor vehicle problems and Sen. Hults of Nassau the one on satisfied judgments, which has about \$40,000. The new committee on traffic violations is headed by Sen. Wise of Jefferson.

Drops Fight for Control of United Life & Accident

The Chicago brokerage house of A. C. Allyn & Co. has discontinued efforts to acquire control of United Life & Accident. Such control has been obtained by Peerless Casualty. A. C. Allyn & Co. states that stock that was tendered in response to its offer contingent on getting control of \$187.50 a share has been returned.

Name Gravenstine in Wis.

Ray Gravenstine, Jr., has been named state agent in Wisconsin for Globe & Rutgers. Until recently he was with a local agency at Milwaukee and before that for some time was with Western Adjustment. His father until retiring last year was state agent in Wisconsin for Hanover and coincidentally in his early years worked for State of Pennsylvania.

Mr. Gravenstine's headquarters will be at Milwaukee.

Comm. Union Shifts in South

R. C. Patterson, state agent of Commercial Union in Alabama and western Georgia, who has been with the organization since 1921, will retire June 30 under the company's pension plan. DeWitt C. Hunt, Jr., of Birmingham, who has been special agent for Alabama, will succeed him in that territory and Special Agent Leonard G. Pease, Jr., becomes state agent for western Georgia, continuing his headquarters at Atlanta.

New Hanover Director

Elton W. Clark, vice-president, treasurer and director of Allied Chemical & Dye, has been elected a director of Hanover Fire.

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are specialists
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Give Double "O" to Tex. City Decision

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any function by reaching conclusions on balanced considerations for which the U. S. is exempt from liability "whether or not the discretion involved be abused." Like considerations, the court said, show the U.S. to be exempt from liability for various other steps in the manufacture and shipment of the product such as the coating used for the fertilizer and its shipment in bags made from paper.

Once a discretionary function or duty has been exercised or performed, there ordinarily would be not duty upon subordinate officers or employees to review or revise the exercise or the failure to exercise such discretion. Any contrary rule would make a program of such magnitude impossible of accomplishment. The subordinate officers or agents are protected in the performance of their duty according to the directions of those vested with the discretionary functions or duties.

Coast Guard Named

Then there was a third group consisting of the coast guard personnel who may have been, among other things, charged with some duty with respect to such fertilizer at the time of and after its arrival at Texas City, etc., and including those charged with the duty of administering and enforcing Title 46, U.S.C.A. dealing with the shipment of dangerous explosives.

The court said that some, if not all of the duties of employees within this group come within one or the other of the exceptions to the act already discussed.

The court emphasized that recovery will be denied in cases in which plaintiffs can point to no liability of a 'private individual' even remotely analogous to that which they are asserting against the U.S.

No Private Coast Guard

The court said there are no functions of private individuals comparable to those with which the coast guard is charged by statute. As to such functions of the coast guard, therefore, there can be no "liability 'under like circumstances' for no private individual has power to conscript or mobilize a private army" or a coast guard which is "a branch of the armed forces of the U.S. at all times." Furthermore, the court said, the evidence does not establish that the coast guard failed to perform any duty required of it under the circumstances.

The lower court, did not specifically relate to any employees of the U. S. any particular negligent or wrongful act or omission not within one of the exceptions to the act. The lower court took notice of the enormous length of the record and that, except for some records in the possession of the FBI called for by plaintiff and for the deposition of witness denied to the defendant, all of the evidence had been produced that could be found or produced. From an examination of the record, the court said, "we are of the opinion that the proof does not establish a case within the scope of the federal tort claims act and that it would serve no useful purpose to remand this case for the taking of additional evidence."

Different View Expressed

Judge Strum, in a concurring opinion, expressed the view, however, that when even a discretionary duty or function is undertaken, due care must be exercised in its performance, failing in which the U. S. is liable for the act of its employees, within the scope of their authority. If a discretionary project is undertaken then the U.S., he said, is held to due care to the same extent as a private individual. So it is here. The government need not have undertaken the manufacture of FGAN at all. Whether or not it did was discretionary and it would be subject to no liability for declining. Having undertaken the func-

tion, however, it is held to due care in its performance even though it had a discretionary choice as to whether it would undertake it.

Judge Strum goes on to say, however, that the allegations are clearly not supported by the evidence that there was a failure to exercise due care in the manufacture, labeling and handling of FGAN and in failing to give warning of its explosive character. There is no evidence of any circumstance which would indicate to a reasonably prudent person that fertilizer grade ammonium nitrate (FGAN) would be likely to explode due to its inherent qualities if dealt with in a normal manner. It did not explode here under normal conditions but only when too closely confined on the ships with which the U.S. had nothing to do.

Safe With Normal Handling

The government was manufacturing, not an inherently dangerous explosive, but fertilizer which was safe if dealt with normally. There is no evidence that in the manufacturing, sacking or transportation of this FGAN to shipside there was any failure to use ordinary and reasonable care. Nor did the FGAN explode while being transported in railroad cars to shipside. The explosion was due to faulty stowage on the ships, a delinquency not chargeable to the U.S. The U.S. is not an insurer here. It was improperly stowed in too compact a mass, confined between decks so that the rising temperature produced by such faulty stowage caused it to explode. The U.S. is not chargeable with the faulty stowage. The bags were not labeled explosives, but there was no known instance of a previous explosion of FGAN under normal conditions. The finding of the lower court that the explosion was due to the inherently dangerous character of FGAN and that it was the duty of the U.S. to have given a more adequate warning of its dangerous character was clearly erroneous, Judge Strum said. The negligence which caused the explosion was wholly and solely that of the ship operators who are not agents of the U. S.

Chief Justice Dissents

Judge Hutcheson, with whom Judge Borah joins, concurred in part and dissented in part.

Judge Hutcheson expressed the belief that a case against the government was pleaded and that if the trial had not been so marred by errors of procedure in the reception and rejection of evidence and in other respects, there was evidence which, if believed, would have been sufficient to sustain a recovery. He said the district judge erred in holding that the fertilizer program was in its nature so dangerous that it constituted a public nuisance and its mere undertaking was wrongful. Also the plaintiffs were wholly mistaken in claiming that the government can be held liable without fault for putting out an ultra-hazardous material. He said, however, he can't understand how, under the precise language of the tort claims act liability can be escaped if it is made to appear here that the act or omission of an employee of the government in the execution of a statute or regulation was not in the exercise of due care. He expressed the belief that the decisions that the court has rendered under the tort claims act are completely contrary to this view.

Case Was Stated

All of the decisions of the U.S. Supreme Court and of the other federal courts are in favor of a broad construction of the act and against "what seems to me the extremely narrow view invoked and applied here." He expressed the belief that a case was stated on the theory that the product was also hazardous and dangerous; that this was known or in the exercise of due care ought to have been known; that a rea-

Will you give Sympathy or CASH?



Polio is not only one of the most feared diseases, it is one of the costliest to treat. Words of sympathy are of little use to the family whose most urgent need is cash—and lots of it. May we send complete details about the \$5000 Medical Expense Polio and Dread Disease Plans listed at the right?

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(Polio, Leukemia, Encephalitis, Smallpox, Scarlet Fever, Tetanus, Diphtheria & Spinal Meningitis)		
Family Policy	3 years	\$25.00
Family Policy	2 years	17.50
Family Policy	1 year	10.00
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Individual Policy	2 years	8.75
Individual Policy	1 year	5.00
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Family Policy	3 years	15.00
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EDWARD T. HARRISON, Chairman of the Board
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sonably prudent person therefore manufacturing and putting it out as the U.S. was doing ought to and would have known its liability to explode and would have given more warning of that fact than was done here and that if on a proper trial the proof makes out the case alleged the U. S. must be held liable as Hercules Powder Co. or DuPont Co. or any other private manufacturer would be for not having undertaken to make FGAN or even for making and shipping it as it did. But if it did not, because it did not, give the warnings required of a reasonably prudent person to put people dealing with it on notice of its character and the dangers of dealing with it. However, he said he has no doubt that because of the extraordinary way in which the one case was tried because of the procedural errors attending its trial and because the findings and conclusions are, upon this record, clearly erroneous and cannot stand, all of the judgments must be reversed and the caused remanded for further and not inconsistent proceedings.

E.U.A. Holds Mid-year Parley

(CONTINUED FROM PAGE 1)

field men and the educational work conducted by field clubs with local agents' groups in cooperation with rating organizations. In the latter connection especial praise was given to the program for introduction of the new farm form in New England and the program developed by Delaware-Maryland-District of Columbia Field Club in introducing the new one-write policy to agents in Maryland. Later the Middle Department instituted a similar program in Delaware, and in Pennsylvania with the four field clubs.

The rating methods research committee chairman, Arthur Polley, vice-

president of Hartford Fire, reported that the association in its advisory capacity has recommended a revision of rules and new forms for builder's risk coverages, also new treatment for improvements and betterments insurance.

Membership Now 138

The membership of E.U.A. now stands at 138 companies, with Millers National and Illinois Fire the latest additions.

Other committees reporting on their activities include trade practices research, J. K. Hooker, vice-president of Automobile; special committee on business interruption insurance, Kenneth B. Hatch, vice-president of Fire Association; loss adjustment practices, Earl Patton, U. S. manager of Northern Assurance; conference committee, John Glendening, vice-president of Home. Minor changes in the constitution and by-laws were voted to reflect the recently recommended premium payment plans.

Huebner Reviews Educational Scene

(CONTINUED FROM PAGE 2)

Huebner Foundation for Insurance Education. The first, he said, considers ways and means of improving teaching methods in universities and colleges and affords the benefits of collective judgment. The Foundation, now under the management of the University of Pennsylvania, was created by life companies to overcome a dearth of well-trained teachers, and to promote research within the field of insurance. Although financed by life companies, teachers trained under the Foundation program must be prepared to teach all branches of insurance.

Dr. Huebner reviewed the history of American College of Life Underwriters

and American Institute for Property & Liability Underwriters, awarders, respectively, of the C.L.U. and C.P.C.U. designations. This year's records indicate that 3,647 students are enrolled in 240 C.L.U. classes in 125 cities, and that about 3,600 examinations will be taken this month at about 140 colleges and universities. Growth of the C.P.C.U. movement has been equally remarkable, he said. Last year, 1,617 candidates took 2,651 separate examinations.

Insurance education on the collegiate level has been bolstered by intermediate education offered along four main lines, Dr. Huebner remarked. There are hundreds of company courses, designed principally for the beginner, the Life Underwriters Training Council's intermediate course, the educational work of Insurance Institute of America, and the Life Insurance Institute's program.

The educational set-up in insurance education seems to be fairly complete and deserving of the insurance industry's support, Dr. Huebner said. It may not be perfect, but it exists and is growing. He expressed confidence that the coming 25 years will see a greater growth in education, both at the collegiate and intermediate levels. Both the public and the business will benefit greatly by this, he concluded.

Auto Rate Filing Is Reportedly Made in N. Y.

(CONTINUED FROM PAGE 14)

of the field, makes insurers unduly selective of risks. It calls attention to the inadequacy of limits available in the assigned risk plan.

Many cars ought not be on the road because of their condition. Many accident prone drivers ought to be taken from behind the wheel. But this would seem to be the function and responsibility of the state rather than the insurer, the editorial comments.

"If we agree that no one ought to be on the road who is not insurable, and to satisfactory limits, then premiums must be high enough to let the companies live within such a framework of policy. At the same time the state must be more vigilant to retire the unsafe driver and the unsafe car. We have a right to expect that insurance companies will do business economically and efficiently, and some of them could undoubtedly make improvements along that line. But the public interest will not be served by squeezing them unfairly."

W. Va. Gives Verdict on Annual Payment Plans

(CONTINUED FROM PAGE 3)

reduce the possibility of loss of business at renewal, thereby tending to promote the stability of business in force at a savings to the insurance companies. Presumably these are the savings which are being passed to the policyholder upon the payment of the full premium under a term policy.

"The advantages which serve as the historic foundation for the establishment of term discounts are not present when an annual renewal endorsement is used. A single policy is issued at the inception of the contract but upon subsequent renewals of the annual contract, certificates have to be issued thus duplicating to a large extent the initial work of the agency or the company issuing the policy. Secondly, there is no advanced payment of premiums upon which interest can be earned as a saving to the policyholder. Thirdly, there is no foundation in fact that the business will remain constant with the particular company issuing the annual renewal plan. A number of studies of the cost in the issuance of policies under the installment premium payment plan and the annual renewal plan have been made, which studies indicate not only a lack of equal savings as under the ordinary term policy but in point of fact operations of a more expensive nature.

"For the reason that such an additional service charge serving as an in-

crease in the rates is not reasonable or adequate, it is the opinion of the insurance commissioner that this plan should be disapproved for its failure to meet the requirements of the law."

Gives Slant on S. F. Presbytery Liability Case

(CONTINUED FROM PAGE 13)

ground. Both Fong, driving the station wagon, and Antisdale, driving his car, entered into the spirit, with the result that at an intersection the station wagon collided with another car and the plaintiff, standing on the running board was so injured that he lost his leg.

All Three Held Responsible

"The action was one for negligence and Fong, Antisdale, and the Presbytery were all named as defendants. The result in the supreme court of California, 232 P. 2d 241, was to hold that all three were responsible and liable for the immediate negligence of Fong and Antisdale in racing their respective cars with boys standing on the running boards.

"When we think that the Presbytery was in closer charge of a mission church than is ordinarily the case, and when we consider the egregious negligence of Fong and Antisdale, we are not too much shocked by the decision. The opinion was by Mr. Justice Traynor, speaking for a majority of the court. There were three of the justices who dissented with respect to the responsibility of the Presbytery. I undertake to cull from the lengthy opinion only this sentence (p. 249):

"The Presbytery has cited a number of decisions in other states to the effect that bishops and similar ecclesiastical bodies are not liable for the torts of local ministers. None of these cases involved supervision of a mission church."

We believe that a study of this report and possibly further research in the matter will warrant some correction of your story.

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Counsel Berates Archaic Rates

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tire from operations where such discriminations exist. Yet this is the situation which exists in the casualty insurance business.

More than half the automobile premium of the casualty carrier comes from liability and property damage coverage. It is estimated insurers will lose more than \$100 million from the underwriting of these lines in 1951. Over the past decade, casualty insurers have lost more than a quarter of a billion dollars from writing these coverages. For more than 35 years the writing of auto liability and P.D.L. has developed an appalling loss to the insurers.

The insurer is expected to offset such

New Committee Chairmen of Pacific Board Named

Chairmen of standing committees of Pacific Board, announced by President J. L. Biglen, New York Underwriters, include:

Accounting and office procedure, E. R. Hindley, National Fire; actuarial and research, J. J. Haster; legislative, R. H. Griffith, Glens Falls; public relations, C. M. Marshall, Aetna Fire; trade practices, H. S. Coburn, Boston; surplus Line Assn. liaison, J. P. Breeden, Coroon & Reynolds; California Advisory Farm, L. S. Gregory, Fireman's Fund.

Appointments to state committees are: Alaska, R. Coolidge, Peyton Y. Alverson and T. R. Decker; Arizona, A. H. Schaeffer, J. M. Wylie and W. B. Miller; California, J. L. Mylod and S. T. Shotwell; Hawaii, A. C. Posey and F. H. Spencer; Idaho, R. H. Griffith and R. V. Fulton; Montana, E. W. Church, H. H. Osborn and G. E. Stroub; Nevada, E. V. Oliver and Robt. Sherrard; Oregon, R. L. Ellis and F. C. Beazley; Utah, E. W. Church, D. H. Smith and R. E. Alderman.

Asks Fire Marshal Expansion

Expansion of the state fire marshal's department to provide better protection for the public is needed, Commissioner Nelson told Minnesota Firemen's Assn. at its convention at Detroit Lakes. He announced that he would ask for increased funds for the fire marshal's division from the 1953 legislature. He urged the firemen to back up his request.

"With more men in the field we can create more and smaller districts for the inspectors," the commissioner said. "We want them to stay in the towns until all fire hazards are removed. More deputies are the only solution in this situation."

New Pa. Prem. Tax Upheld

HARRISBURG, PA.—Pennsylvania's new 2% premium tax on mutuals was upheld by Judge Neely in Dauphin county court here in a ruling. Mutuals bringing the test case said they would appeal.

Judge Neely held that the rate of taxation on mutuals is the same as applied to other insurers, and that therefore the levy is not inequitable, as claimed by Chester County Mutual of Coatesville, which brought the proceedings. The 1951 legislature ended exemptions that mutuals had enjoyed for years under the premium tax law.

In answer to mutual complaints that the tax law, passed finally in December, applied to 1951 business, the court said it found "a clearly manifested intention on the part of the legislature to make this taxing statute retroactive for the year 1951."

Morrison Campbell, Seattle local agent, has been reelected president of Anti-Tuberculosis League of King County.

loss by whatever profit it can make from other lines and from investment of surplus funds pending use of those funds to discharge pending losses. The policyholder who is insured against the hazards of plate glass loss and who may not own an automobile, might well be paying excessive premium to offset the losses produced by policyholders who carry automobile B.I. and P.D.L. who for years have not paid enough for their insurance. Thus policyholders who insure their cars in low cost states such as Wisconsin might well be paying an excessive premium to offset the loss developed in high cost areas such as California.

What is the practical effect of this system on casualty insurance operations? Top management has learned that diversification of lines and territory is important if a venture is to succeed over a long period. It knows in some states it cannot expect to make a profit on some lines and unless the deficiency can be made up in other lines, it avoids doing business in those states. Thus there is a scramble to operate in areas where a profit appears probable and to avoid areas where it does not. This tends to create restless shifting from territory to territory.

Bad areas are bad because the rate-making process and its laws are bad. Management knows it would be folly to underwrite a single line of coverage in a single state, for sooner or later the evils of the existing rate-making device would put an end to the venture in certain areas.

The excess limits rate increases this year were the first on this coverage in 14 years. Claims cost vary greatly by state, yet a flat increase applicable in most states has been adopted. The base rate now 14 years antiquated has been so distorted by local changing laws and conditions that adjustment to something realistic in keeping with actual state-by-state experience is indicated.

Should Seek Commissioners' Aid

The industry should carry its case to the commissioners, who are interested, among other things, in the general health of the industry. This cannot be a passive effort but must be done with the diligence and thoroughness which the circumstances require. Upon reasonable showing of gross inadequacy in rate structure, relief can be anticipated. These commissioners are generally amenable to the proposition that rates being subject to control, the industry is entitled to a reasonable profit.

Prompt amendment of the rating laws is indicated to abolish the improper concept of pricing tomorrow's product by using yesterday's cost as a yardstick, and to substitute trend studies or factors using the cost of commodities which go to make up the cost of the claims as a base for determining rating adequacy. Almost continuous study of these trend factors should be maintained and rates adjusted as often as is practical and indicated by circumstances.

Due to high tax levels it is more difficult for the insurer to add to surplus in good underwriting years, and therefore it is difficult for an insurer to provide itself with the financial stamina to offset the experience of bad underwriting years. The industry faces the risk of disastrous drain upon its assets in inflationary periods with little opportunity to build sufficient reserve to withstand the shock. Consideration should be given to a moderate contingent load factor in the basic rate, the over-all effect of which would tend to gear the operations of the carrier more closely to the rise and fall in the curve of claims and operating costs.

Casualty Business Unhealthy

The casualty industry is in a very unhealthy condition and until rating formulas are revised the condition cannot improve.

The casualty insurance problem is a matter of rate adequacy, he said.

Turning to the adequate award vs. the adequate rate, he paid tribute to

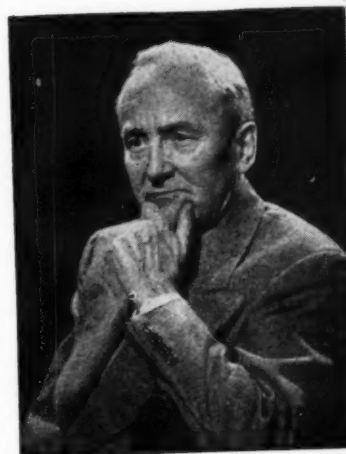
lawyers of National Assn. Claimant's Compensation Attorneys. The best of that group are formidable adversaries. But they are not new and novel manifestations of genius. There have been large verdicts before, but they are not obtained by a special group of lawyers.

He suggested the large verdict is a manifestation of social hysteria and reckless disregard of the sound values which influenced the growth and development of the nation. This display of futility and apparent willingness to do mass violence to established principles

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not, only prevails at the public level but has found its way into courts and government.

Inflation touches and concerns all facets of society and it generally follows a reasonably constant pattern. The present dollar as related to most commodities and services possesses a purchasing power of about 50 cents, but related to the size of verdicts in comparison with other commodities, it is a 5 cent dollar. The problem goes beyond need of developing countermeasures to tactics of specialized groups of lawyers. That is important however and is one of the prime responsibilities of the insurance bar.

Meanwhile, the business must tell the public that rates are grossly inadequate, that they can expect substantial increases in insurance cost now and that this is just the beginning. There will be further and greater increases till the public recognizes the problem rests squarely with it. The public must know the business cannot provide the increased limits NACCA demands the public to carry and which cannot be denied are required under prevailing conditions. Out of self preservation only certain classes of business can be accepted, forcing more and more people to insure in assigned risk pools and state operated agencies. The business, formidable as its resources are—or were—finds itself where it can provide less and less of the requirements of the public till there is a substantial adjustment inequities and a realistic view toward adequate rates.

Drive It to Compensation?

He recalled it was the same forces which inspired so many workmen's compensation laws. Are the lawyers who advocate the adequate award and now the more adequate award and perhaps tomorrow the still more adequate award, completely oblivious to this process?

They proceed upon the high-sounding moral principle of the dignity of man and the necessity adequately to compensate him for injuries sustained as the result of negligent misconduct of another. True, most injured plaintiffs are working men whose livelihood depends upon a wage or salary check. But to acquire an estate of \$400 thousand now takes more than \$2 million, many times what most working men could ever hope to earn. Was it ever the theory of law and insurance that the results of an accident should be so fruitful that an accident is virtually regarded as a stroke of good fortune? They now state that the verdict of \$400 thousand approaches adequacy and argue that California courts should recognize such awards as not excessive.

This is the equivalent of almost twice that sum in premium and it must be underwritten by the public. To make such awards collectible, they advocate larger limits, pointing the 75 cent cost for increasing such limits from \$100 to \$200 thousand in San Francisco.

Only Paid Clerk Cost

That rate was established more than 14 years ago when judgments in this range were unknown, and was not a reflection of claims exposure but to pay the clerical cost of increasing the limits. The rate now is slightly more than \$1. How many \$200 thousand verdicts will that rate pay?

The large and larger verdict of the last two years has not been paid by the public but by the business, which has contributed more than \$100 million of resources in the past year to keep the business intact. That cannot continue indefinitely.

The policyholder is not yet aware of the real significance of the problem. He has not yet felt the impact of lagging rates. He should be informed, in newspapers, magazines, radio, TV, etc., and even in the courtroom, where proper and practical.

If the public insists on higher verdicts and is content to underwrite them, lawyers and insurance men will have done their civic duty by pointing out the facts and will then conduct their affairs accordingly.

Cravey Given Shift to Ga. Federal Court

(CONTINUED FROM PAGE 13)

tending an N.A.I.C. zone meeting.

Mr. Walton, on behalf of Bankers L. & C., stated that jurisdiction is conferred by statute regulating trade and against restraint of trade and monopolies.

He said venue exists by reason of Cravey entering into the conspiracy set out in the complaint, and that by so doing Cravey appointed each and every co-conspirator his agent, thus covering summons and fixing venue. He named as Cravey's agents in south Florida the Professional Ins. Corp., Reserve Life, George Washington Ins. Co. and Larson.

Johnson Affidavit Read

To substantiate his claim of conspiracy, Walton read an affidavit sworn to June 10, 1952, by Ellis G. Johnson, an employe of Bankers L. & C. The affidavit said in part:

"I am presently employed by Bankers Life & Casualty as supervisor of agents in charge of the Pensacola and Tallahassee offices for that company. I took this position in December, 1951. In or about July, 1951, the Florida insurance commissioner threatened to revoke my license. A short time later, and while the continuance of the license was still in question, John Crooks, regional manager of Reserve Life Ins. Co., who has his office in Tampa, Fla., tried to persuade me to leave Bankers Life & Casualty Co., and accept employment with Reserve Life.

"He talked with me along that line on numerous occasions, beginning in August, 1951, and continuing into December, 1951. At the beginning he was trying to employ me as supervisor training agents in the Tampa office of Reserve Life.

"Mr. Crooks offered me a much better financial proposition than the one I had with Bankers Life. He told me that the license of Bankers Life in the state of Georgia had been revoked and its license in Florida was about to be revoked. He said that many of the Bankers Life agents, managers, and supervisors in Georgia had already gone with Reserve Life and it would be wise for me to get with Reserve Life before Bankers Life should be kicked out of Florida.

To Have Rough Time in Florida

"He also told me that Reserve Life had taken away from Bankers Life a man named Robert Herz, who had been in charge of designing and laying out various kinds of advertising folders and other forms of advertising for Bankers Life, and from then on, Reserve Life would have the same kind of advertising at Reserve Life.

"In one of the conversations with Mr. Crooks he said I had enough sense to know from the newspapers that Bankers Life was going to have a rough time in Florida. I did not want to go with Reserve Life, but Mr. Crooks made me uneasy about the continuance of Bankers Life in Florida. I kept rejecting his offers and he kept making them.

"In December, 1951, Mr. Crooks introduced me to a Mr. Emick, who was the Florida state manager of George Washington Life Insurance Co. While the three of us were in Mr. Crook's office, Mr. Emick tried to persuade me to take a supervisor's job in the Tampa office of the George Washington, and Mr. Crooks kept trying to get me to take a job with the Reserve Life training agents in its Tampa office.

Production Fell Way Off

"They made me so uneasy about the license of the Bankers Life in Florida that I was hardly able to work, and my production for the Bankers Life fell way off.

"In my conversations with Mr. Emick and Mr. Crooks I refused all their offers, but I did not know what to

think about my future with Bankers Life.

"A short time after I had refused the offers made me by Mr. Emick and Mr. Crooks, another approach was made by Mr. Crooks. This time he made me an offer much better than any of the previous ones. It was so good I felt I could not afford to take the gamble the Bankers Life might be out of business in Florida very shortly.

"The new offer was for me to train agents in the Tampa office of Reserve Life for the remainder of December, 1951, showing them the complete Bankers Life system and laying out for them the Bankers Life procedures and programs to be followed in approaching prospects.

"The most attractive feature of the new offer was that on Jan. 1, 1952, I would be made the state manager of George Washington Life at a substantial salary, with extraordinarily large overwriting commission on each application George Washington would receive in the state of Florida, and I was also to be given an unlimited expense account.

Went Back to Bankers

"As soon as I accepted the offer, Mr. Crooks telephoned C. C. Bradley in the Dallas, Tex., headquarters office of Reserve Life, and told him about my acceptance. Mr. Crooks put me on the telephone and I talked with Mr. Bradley. He congratulated me on having left Bankers Life and gone with Reserve Life. He said it was the wise thing for me to have done, and he would cooperate with me in every way.

"I started to work with Reserve Life the next day, and remained with that company some nine or 10 days, after which I became convinced that the representations made to me in getting me to go with Reserve Life were false, so I left Reserve Life and went back to Bankers Life."

Testimony was also given concerning a deposition taken earlier in the week from John MacArthur, chairman of Bankers L. & C.

International Assn. Names Galloway

(CONTINUED FROM PAGE 13)

disabled and has so far received \$15,000 in benefits. One day as the agent was delivering the check he happened to ask the doctor why he ever bought the insurance in the first place, and the reply was: "to get rid of a persistent salesman."

Mentioning that last year the public had \$100 billion to spend after paying for food and shelter, Mr. Walton observed that A. & H. insurance came in for a very small part of this money, but the money is there.

Caldwell Presides at Opener

Richard Caldwell, U. S. Life, Newark, chairman of the convention committee, presided at the Monday morning meeting. The opening remarks were delivered by Mayor Smock of Asbury Park, and Mr. Caldwell read a letter of greetings from Gov. Driscoll. Paul L. Molnar of the New Jersey insurance department gave the A. & H. agents a detailed analysis of the background and contents of the New Jersey unsatisfied judgment fund law for automobile liability, and credited its passage to Commissioner Gaffney. Faced with the alternative of a state operated monopoly, Mr. Molnar said the insurers, "to their everlasting glory," decided to back the "Gaffney plan." Mr. Molnar discussed the automobile law for nearly an hour.

C. J. McCole, district manager for Mutual Life of New York at Wilkes-

Barre, Pa., gave a humorous talk at the luncheon. He was introduced by Wesley J. A. Jones, A. & H. educational director of Mutual Life and former executive secretary of the International association. In the afternoon there was a fishing trip, and for those not disposed to that sport, a bathing suit fashion show.

Walton, Francis Tuesday Speakers

Thorn W. Mock, National A. & H., was in charge Tuesday morning. Clayton Walton, general agent of Monarch Life at Seattle, speaking on "What of Your Golden Hours?" offered as a sales aid a better use of words, demonstrating how a more effective word used in the right place can get the prospect in a receptive frame of mind. He listed a number of words that have proved to be potent in motivating a prospect.

George K. Francis, National Accident & Health, Atlantic City, speaking on "How to Be Welcome Anywhere," or "Let's Make Prospecting a Pleasure," emphasized that no prospect is ever interested in the salesman, what he wants, or in insurance as a commodity, but rather in himself, what he wants and what insurance could possibly do for him. He cited specific cases to prove his point.

He also told how his hobby of photography has helped produce business for him in endless chain fashion.

Ernst Reports Good Year

Carl A. Ernst, North American Life & Casualty, St. Paul, retiring president of the association, in his administrative report to the national council said 1951 was a good year for the International, its being the year of the appearance of the Leiby-Gordon sales portfolio, the new association magazine, the "A. & H. Underwriter," and the development and inauguration of the disability insurance sales course.

Mr. Ernst gave credit for a strong helping hand to H. & A. Underwriters Conference, L.I.A.M.A. and the A. & H. committee of National Assn. of Life Underwriters.

Disability insurance is equal in importance to life insurance, Mr. Ernst said, adding: "We have got to reorientate our thinking so that when we think of the human life value problem, we automatically think of disability insurance. We must spend less time on policy peddling and more time must be placed on package planning."

Breakfast for Leading Producers

The Wednesday program was opened with the breakfast meeting of the Leading Producers Round Table. J. L. Kowins, Central Standard Life, Baltimore, was in charge as chairman. The new officers were elected and committee reports read at the national council meeting.

Carl Lane, agency supervisor of General American Life, presided at a forum for officers of local associations that afternoon, and for non-officers there was a golf tournament.

The banquet was that evening, with Carl Ernst presiding. Bert A. Hedges, Wichita, Kansas manager of Business Men's Assurance, was presented the Harold Gordon Memorial award, and the main talk was given by Dr. E. E. Agger of Rutgers University, on "The Economic Outlook."

New President's Career

John G. Galloway, the new president of the International association, was the organizer and first president of the Alabama association. He was the prime mover in setting up the "Birmingham plan" for individual hospital admissions that more recently was tried successfully also at Columbus, O., and probably will be adopted nationally. This is the plan utilizing a uniform admissions blank for individuals similar to the plan now in use in many cities for group insured. The companies and hospitals were dubious that the idea could be made to work for individuals, and it was only by reason of Mr. Galloway's efforts that the plan was tried.

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Yet, it is a common failing to wish things were as we want them instead of taking more realistic steps to assure this. Why continue to wish that the companies you represent were more progressive, more co-operative, and more constructively helpful to you? It may be quite possible through careful investigation and analysis to find just the kind of companies you want. Not wishing, but seeking can be your answer.

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The Octagon

*The Haunted
White House of 1814*



Colonel John Tayloe

At the urging of his intimate friend, George Washington, the wealthy Virginian Colonel John Tayloe decided to build in the new city on the Potomac. As architect he chose Dr. William Thornton, designer of the Capitol. Completed in 1800 shortly before the White House, his home was one of the finest in Washington and for many years was a center of social life.

When the British burned the White House in 1814, Colonel Tayloe dispatched a courier offering President Madison the use of his home and accordingly for more than a year the President made The Octagon his official residence. Here he ratified the Treaty of Ghent which formally ended the War of 1812 and here his charming wife Dolly further enhanced the mansion's reputation for hospitality.

Why the house came to be known as The Octagon is an unanswered question. It is not octagonal and obviously was never intended to be. Consisting of two rectangular wings connected by a circular tower, its unique shape is due to its location at the angle formed by two intersecting streets. Opening off the rear is a tunnel, the purpose of which is also an enigma, although according to a discredited legend it once led to the White House.



For years The Octagon has had the reputation of being haunted. Most romantic of its spectral visitors is Colonel Tayloe's daughter. Overcome by grief over her thwarted love affair with a young Englishman, candle in hand, she threw herself down the staircase, and, some say, in flickering candlelight she still appears.

After the Tayloes' ownership ended, The Octagon entered a period of steady decline and was a dilapidated tenement until purchased and rehabilitated by the American Institute of Architects. It has continued under this organization's supervision since 1900. Like the White House whose existence it parallels, The Octagon has recently been renovated and now appears in all its original elegance.

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